Climate-Proofing Development

GCA Annual Report 2023

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Board Report

1. FOREWORD

Last year was not only the hottest on record ever, but dangerous and unprecedented climate events were also seen on every continent.

From May to July, in Mauritania and Niger in West Africa, and in Ethiopia, Kenya and Somalia in East Africa, some 30 million people were hit by an extraordinary extreme drought.

A town in China's Xinjian province hit 52.2°C and the capital of the world's second most populous nation, Beijing, introduced a temporary ban on outdoor work during a heatwave that broke records across Asia. Amid another so-named "Cerberus" Heatwave that gripped Europe last summer, the European Space Agency also predicted 50°C heat in Italy.

The Mediterranean likewise saw its deadliest tropical cyclone in recorded history with Storm Daniel, which led to the failure of two dams in Derna, Libya, that caused over 5,000 deaths and destroyed one quarter of that port city, highlighting the criticality of adapting key infrastructure to new climate extremes. Elsewhere, in Asia, Typhoon Mawar, also known as Super Typhoon Betty, clocked near 300 kilometers per hour sustained winds as it battered the Philippines and several other countries in the region. In Latin America, sustained temperatures above 40°C fueled wildfires in Chile that burned 4,000 square kilometers of land.

The direction of travel is extremely clear. As United Nations Secretary-General António Guterres has highlighted, the world is set to hit 1.5ºC of warming in five years' time. As we do so, the extremes even of today will become the norms of tomorrow.

Climate adaptation has never been more vital, and the mission of the Global Center on Adaptation (GCA) to adapt our world never more critical. GCA has therefore been working tirelessly to mobilize global cooperation and expertise on climate adaptation especially in support of communities most vulnerable due to exposure and restricted resources to respond. Why? As the World Meteorological Organization announced last year, climate change undermines nearly all the Sustainable Development Goals, only 15% of which are currently on-track. In a planet on fire, we cannot have sustainable development anymore unless we are effectively climate adapted.

As such, GCA is pleased to report that great strides have been made in the last year against our mission and core objectives to broker leading knowledge to help protect development from the escalating climate crisis. In Africa, we have significantly progressed the world's largest adaptation program, the Africa Adaptation Acceleration Program (AAAP), clearly demonstrating our ability to climate-proof key development projects and initiatives at speed and at scale. In a world struggling with complex, large-scale, and intertwined crises from areas like inflation to armed conflict, thanks to AAAP, we now have a tool that can help to bring down the climate-related risks for key development investments.

GCA is expanding on the AAAP model in Asia, commencing with Bangladesh, with already impressive results to report there (Photo credit: GCA)

We are already expanding on the AAAP model in Asia, commencing in Bangladesh, with already impressive results to report there. And we are now poised to develop a similar program dedicated to small island developing states (SIDS). We have also grown our youth program and published important new research into climate adaptation finance flows.

Indeed, after a little over three years of implementation of the AAAP, I am proud to say that we have worked on the climate adaptiveness of more than $8.4 billion in investments made by different international financial institutions (IFIs) that will strengthen the climate resilience of nearly 60 million people in 35 countries and generate over 700,000 jobs in Africa. This is speed and scale, and the work of the AAAP will continue to accelerate with 2023 being a record year for the program.

We could not have achieved these results without the leadership of so many heads of state and government - leaders from Africa, including President Ruto of Kenya, President Samia Suluhu Hassan of Tanzania, and then President Macky Sall of Senegal. Our IFI partners, beginning with the African Development Bank, our main partner in the Africa Adaptation Acceleration Program, as well as the World Bank, the European Investment Bank, the International Fund for Agricultural Development (IFAD), and Agence Française de Développement (AFD) were all invaluable. Last year, we developed and grew a program of engagement to bring the best adaptation science and policy to support the International Monetary Fund (IMF) with operations under its Resilience and Sustainability Trust in a growing number of countries, including Senegal and Kenya.

Equally important, our work in Africa is delivered through more than 50 partners, including community-based organizations, universities, research organizations, and the private sector. Building the capacity of all stakeholders to design adaptation programs at scale and implement them with a view towards tangible results on the ground is at the core of the AAAP.

Again, building on AAAP, our work in Bangladesh ramped up in 2023. We have now engaged in seven different large-scale projects principally in the areas of locally-led adaptation and green infrastructure, representing $1 billion of investment that are expected to improve climate resilience for 10 million people and generate 10,000 jobs. In doing so, we are working with IFI projects involving the World Bank, the Asian Development Bank, the Asian Infrastructure Investment Bank, AFD, and KFW. As said, the Bangladesh program is also our anchor to explore an expansion of our successful model to the rest of Asia.

In the area of knowledge development and advocacy, our latest flagship report, *State and Trends in Climate Adaptation Finance*, is filled with crucial findings that will help GCA and others to enhance the effectiveness of our work. Against the good news that climate finance from all sources – public, private, multilateral, domestic, and international – has doubled to US$1.3 trillion annually over the last two years (2021-2022), global climate adaptation finance, unfortunately, declined as a share of total climate finance from 7% (2019-2020) to 5%. This perpetuates the serious concern of climate adaptation as the "poor cousin" of mitigation, which simply must be addressed.

Indeed, grants and concessional finance for climate adaptation faced an uphill battle in 2023. Development finance across the board is under pressure because of competing demands on

Showcasing results of the Africa Adaptation Acceleration Program and its role in closing the adaptation financing gap for the continent through key partnerships at the 2023 AAAP Partnership Forum (Photo credit: GCA) multiple and urgent fronts – from wars to long-tail effects of the COVID-19 pandemic and the current challenges of growing debt levels, inflation, and the fuel and food crises. From our *State and Trends in Adaptation* report though, we also learned that while private finance remains marginal in funding climate adaptation, there is huge scope to scale up the level of private finance especially in Africa, based on stronger records in Asia and elsewhere. GCA will increasingly put a focus on unlocking private sector contributions going forward, building on our existing partnership with the World Economic Forum among others.

GCA's youth program has also expanded to 15,000 participants with members in 150 countries worldwide. In the past year, the youth program's 30 convenings including 12 Regional Forums brought together over 10,000 people from 140 countries to share, learn, and forge climate adaptation solutions. GCA has also been providing training for young women in leadership on climate adaptation across 12 African countries and providing incubation finance for leading youth adaptation solution pioneers.

The financial and political support of our funding partners has been invaluable to achieve all these results. GCA and its partners are on target to fulfill the ambition of the AAAP. However, even the large-scale financial resources to be shaped by the program ($25 billion over five years) are not enough to tackle the enormous adaptation challenges of Africa. Our analysis indicates that Africa needs $11.6 trillion of adaptation investments by 2035.

Despite impressive results so far, we therefore cannot rest on our laurels. What has been achieved with the AAAP and in Bangladesh and elsewhere through the work of GCA and our partners is a clarion call for governments and partners to raise the level of ambition across the board on climate adaptation: because we can deliver, and we can do more. I believe that 100% of development finance projects in vulnerable regions of Africa, Asia, the Americas, and small island developing states can and should be climate-informed and climate-adapted. GCA has now demonstrated its ability to accomplish this work on a scale not before seen. All of us in the GCA community now have an opportunity to work together to take this approach to the next and greater stages.

Recently, small island developing states have approached GCA to explore an equivalent program for these most vulnerable countries. Prime Minister Mia Mottley of Barbados has joined the Advisory Board of GCA. She is a powerful global voice for these countries. The Bridgetown Initiative calls for implementing mechanisms, including for climate adaptation, that help to mobilizes much-needed funding, as well as the quality and impact of climate adaptation programs at scale. We expect to make substantial progress on this agenda in 2024 and beyond. Our *State and Trends in Adaptation* flagship report this year will focus on small island developing states.

We are doubling down on adaptation in support of the breakthrough COP26 Glasgow doubling of climate adaptation finance by 2025 outcome, even as the headwinds are getting stronger. But this is a race against time. We now have a framework for the Global Goal on Adaptation thanks to COP28. But we need bigger, faster, and stronger partnerships to reach the scale of climate adaptation action that the world and its most vulnerable communities need. Many called the ambition of the AAAP in 2021 an illusion. The results so far prove that African governments, the private sector, young entrepreneurs, civil society, IFIs, and development partners are all ready to take action on climate adaptation at scale. It is vital that we work as community and within all key vulnerable regions to build the resilient, sustainable, and prosperous planet that must be everyone's goal.

Patrick Verkooijen

Professor Patrick V. Verkooijen
Chief Executive Officer

GCA's flagship Africa Adaptation Acceleration Program is the Africa-led, Africa-owned response to to mitigate the impacts of climate change (Photo credit: iStock/hadynyah)

2. EXECUTIVE SUMMARY

CLIMATE-PROOFING DEVELOPMENT

The Global Center on Adaptation (GCA) is an international organization dedicated to promoting adaptation to climate change impacts. During the period under review—Annual Year 2023—the Center has continued to fucus on influencing policy reforms and investments by international financial institutions (IFIs) and the private sector to climate-proof development. The center maintained its operations in 2023 through its three core approaches: knowledge, leadership, and action.

1. **Knowledge:** GCA continued to conduct research, manage knowledge, fill knowledge gaps, and drive innovation to develop specialized approaches for adaptation globally.

2. **Leadership:** In various forums, the Center convened influential thinkers and decision-makers, advocates for climate adaptation agendas, and sought to shape policy messages at global, regional, and local levels.

3. **Action:** GCA continued active collaboration with various stakeholders to implement programs that build resilience for climate-vulnerable populations and create jobs. It continued to facilitate access to financing from the Global Climate Fund.

OUR WORK IN AFRICA

THE AFRICA ADAPTATION ACCELERATION PROGRAM

The Africa Adaptation Acceleration Program (AAAP) is GCA's flagship program. It is Africa's strategic response to mitigate the impacts of climate change. Co-designed by the African Development Bank (AfDB) and GCA with the endorsement of the African Union (AU), AAAP is climate-proofing $25 billion in investments across Africa by 2025. This is helping to accelerate climate adaptation and achieve the UN Sustainable Development Goals.

GCA oversees the AAAP Upstream Financing Facility, which finances the Center's and its partners' efforts to integrate climate adaptation into projects supported by international financial institutions and development banks.

The AAAP focuses on the following four areas:

1. **Food Security:** GCA's goal is to integrate digital climate advisory solutions into $10 billion of investment to establish climate-smart agriculture that will benefit 38 million farmers and herders across 26 countries by 2025.

2. **Infrastructure and Nature-based Solutions:** GCA's goal is to integrate climate resilience into $12 billion worth of investments in such essential sectors as water, transport, energy, and urban infrastructure, positively impacting 100 million people.

3. **Youth Entrepreneurship and Adaptation Jobs:** GCA's support will help one million young people with skills development and creating five million jobs through $2 billion in investments from international financial institutions.

4. **Adaptation Finance:** GCA's intends to secure $1 billion in adaptation finance by developing innovative financial instruments and influencing international financial institution investments towards climate adaptation.

Impact and Achievements

Since January 2021, AAAP has influenced $8.4 billion in investments, enhancing resilience for 60 million people and creating 700,000 jobs. Every dollar invested in the AAAP Upstream Financing Facility has effectively climate-proofed $100 of investments.

GCA has influenced $2.6 billion in food security projects across multiple African countries, benefiting 14 million people and creating 173,000 jobs (Photo credit:iStock/Yaroslav Astakhov)

Collaboration with the International Monetary Fund

GCA is collaborating with the IMF's Resilience and Sustainability Facility (RSF) to provide long-term financing for countries tackling climate change and pandemic risks. In 2023, the Center continued to support IMF country teams in developing and implementing climate adaptation policies, effectively doubling climate adaptation finance.

Some Highlights of 2023

Food Security: GCA has influenced $2.6 billion in food security projects across multiple African countries. These projects are expected to benefit 14 million people and create 173,000 jobs.

Training Programs: The Center launched regional training programs in 2023 to build capacity in digital climate advisory services, targeting agricultural and meteorological stakeholders.

Projects worthy of highlighting in 2023 include those in in Eswatini, Ethiopia, Ghana, Malawi, Mozambique, Nigeria, Senegal, and Zambia. This is in addition to multi-country initiatives in the Sahel and the Horn of Africa, aimed at enhancing food security and resilience to climate change.

The program to *Build Resilience for Food and Nutritional Security in the Horn of Africa* had as its objective, to integrate digital climate information and agricultural advisory services into a $226 million African Development Bank-financed program. Its goals were to enhance resilience to climate shocks, reduce climate-induced conflicts, improve food security, and enhance living conditions.

In Nigeria, the $500 million World Bank *Livestock Productivity and Resilience Support Project* is one that GCA is supporting. The Center's climate adaptation goals are to improve livestock value chain productivity, food and nutrition security, income growth, and social cohesion between agro-pastoral groups, reducing environmental degradation and emissions.

Infrastructure and Nature-based Solutions: In the area of infrastructure and nature-based solutions, GCA influenced 20 international financial institution-approved projects worth over $4.3 billion. These projects are expected to benefit more than 43 million people and create nearly 100,000 jobs.

Other 2023 highlights included an additional $2 billion in investments through ten international financial institution projects. These were projects on water, urban resilience, renewable energy, transport, and sanitation in fragile and conflict-affected settings.

In Bangladesh, GCA is integrating the needs of poor and vulnerable communities into investments worth at least $1 billion (Photo credit: iStock/ Md Maruf Hassan)

OUR WORK IN ASIA

GCA's work in Asia has entailed initiatives in Bangladesh and China.

BANGLADESH

In Bangladesh, focus areas have been in **Locally Led Adaptation** with a goal of integrating the needs of poor and vulnerable communities into investments worth at least $1 billion. In 2022, Prime Minister Sheikh Hasina of Bangladesh launched GCA's Global Hub on Locally Led Adaptation, which supports local communities and practitioners worldwide. The objective has been to increase the resilience of at least 1 million people by 2026.

Nature-based Solutions for Systemic Resilience: The goal has been to incorporate innovative climate resilience solutions, including nature-based solutions, into $3 billion worth of investments. These investments will focus on resilient infrastructure, urban systems, and food systems, aiming to benefit 20 million people by 2026.

Climate Adaptation Finance: The goal is to unlock $1 billion in climate finance by 2026.

CHINA

In China, climate change has had significant and adverse effects on the country's natural ecosystems, as well as its economic and social systems. The national strategy, implemented through the Ministry of Ecology and Environment in 2021, targets the next decade. It is to integrate climate adaptation into the country's economic and social development plans.

KNOWLEDGE, ADVOCACY, AND AGENDA-SETTING

GCA continues to be a key source of knowledge and advocacy for climate adaptation through its flagship *State and Trends in Adaptation* (STA) report.

STA23, covering the period under review in this Annual Report, presented two sections. Section 1 was titled "Strategy and Planning to Redouble Adaptation in Africa: A Review." This section evaluated the strategic adaptation plans of African countries, including their nationally determined contributions, national adaptation plans, and long-term strategies. It also reviewed their progress and effectiveness in creating an investment-ready environment for large-scale adaptation.

Section 2 of STA23 – "State and Trends in Climate Adaptation Finance 2023" – was developed in collaboration with the Climate Policy Initiative (CPI). This section examined global and African climate adaptation finance trends, the funding gap, and the efficacy of various financial instruments for adaptation.

The report's initial findings were presented at the Africa Climate Summit in Nairobi in September 2023, with the final report released at COP28 in Dubai in November 2023.

Multi-Stakeholder Platforms for Driving Adaptation Action

During the year under review, GCA took advantage of several high-profile multi-stakeholder platforms to drive climate adaptation action. These included the following:

The 2023 Africa Climate Summit

Leaders' Dialogue: African heads of state and government, development partners, and institutional leaders came together for discussions at the 2023 Africa Climate Summit in Nairobi in September 2023. They launched seven country compacts. Discussions produced greater emphasis on climate adaptation as a priority for Africa. This was supported by new research indicating potential economic losses of up to $6 trillion by 2035 without increased adaptation finance.

COP28

During COP28, GCA organized the *Adaptation Finance Summit for Africa*. This summit focused on assessing progress from the Nairobi Africa Climate Summit earlier in the year and reinforced commitments to the Africa Adaptation Acceleration Program. As an outcome, the summit highlighted the critical need for climate adaptation finance in Africa, advocating for further capitalization of the AAAP.

A *Friends of Adaptation Dinner* served as a platform for informal discussions among leaders. It was co-convened with then President Macky Sall of Senegal and Denmark's Minister for Development Cooperation and Global Climate Policy, Dan Jørgensen. They explored opportunities for unlocking greater investment in climate adaptation.

GCA Engagements at Senior and Technical Levels

GCA engagements at senior and technical levels during the year included the following:

AAAP Partnership Forum 2023: This forum brought together AAAP implementing partners, commercial banks, youth, academia, and other stakeholders to raise awareness of the AAAP, align complementary initiatives, and discuss closing the adaptation financing gap for Africa.

COP28 Deep-Dive Dialogues: These dialogues dwelt on investment opportunities in Nigeria and Tanzania, based on AAAP work and country compacts analysis.

UN 2023 Water Conference: This conference highlighted the central role of water in the climate change response. It showcased AAAP examples, with commitments from 13 countries and organizations.

Copenhagen Roundtable Dialogue: Engaging Danish investors and stakeholders, this roundtable addressed risks and opportunities for private sector climate adaptation investments.

Community Engagement

Community engagement during the year under the People's Adaptation Plan, included a visit by GCA Co-Chair Ban Ki-moon and GCA CEO Professor Patrick V. Verkooijen to the low-income neighborhood of Mukuru in Nairobi. The visit showcased early GCA climate adaptation initiatives in this area.

Black Soldier Fly Farming: This project highlighted innovative waste management solutions supported by GCA and its partners. It addressed fodder shortages and waste management.

Community Dialogue: Community dialogue in the course of year marked engagement with more than 100 community members, culminating in a statement urging world leaders to fulfill climate finance commitments.

Left: GCA organized a Community Dialogue on the margins of the Africa Climate Summit, during which community members from Nairobi and representatives from local and visiting communities urged world leaders to fulfill their promises to provide climate finance and to make it more accessible. Right: The COP28 Adaptation Finance Summit for Africa assessed progress from the Africa Climate Summit and reinforced commitments to the Africa Adaptation Acceleration Program (Photo credits: GCA)

Drawing from experiences in Africa and Bangladesh, GCA is developing a Climate Adaptation Acceleration Program tailored for small island developing states (Photo credit: iStock/KKKvintage)

THE ROAD AHEAD

Looking ahead, GCA continues to forge partnerships and initiatives to advance climate adaptation.

CGIAR-GCA Partnership: GCA collaborates with CGIAR to scale resilient technologies and innovations in food systems. Its goal is to influence $4 billion of investments by 2025, enhancing smallholder farmer resilience.

Unlocking Domestic Private Sector Finance: GCA continues to mobilize domestic private sector finance for climate adaptation. It is focusing on African banks to manage climate risk and develop investment products for adaptation goods and services.

Focus on Small Island Developing States: GCA is developing a Climate Adaptation Acceleration Program tailored for small island developing states. It is drawing from experiences in Africa and Bangladesh, to address unique climate challenges and opportunities at national and regional levels.

3. CLIMATE-PROOFING DEVELOPMENT

The **Global Center on Adaptation (GCA)** is an international organization that promotes adaptation to the impacts of climate change. It works to climate-proof development by instigating policy reforms and influencing investments made by IFIs and the private sector. The goal is to bring climate adaptation to the forefront of global efforts to address climate change and ensure that it remains prominent.

GCA's work is guided by three core approaches. They are: knowledge, leadership, and action.

KNOWLEDGE
Research for Impact

GCA builds and accelerates the application of adaptation knowledge globally. GCA creates and manages knowledge, leads research to fill knowledge gaps, and drives innovation to develop specialized approaches.

LEADERSHIP
Agenda Setting & Advocacy

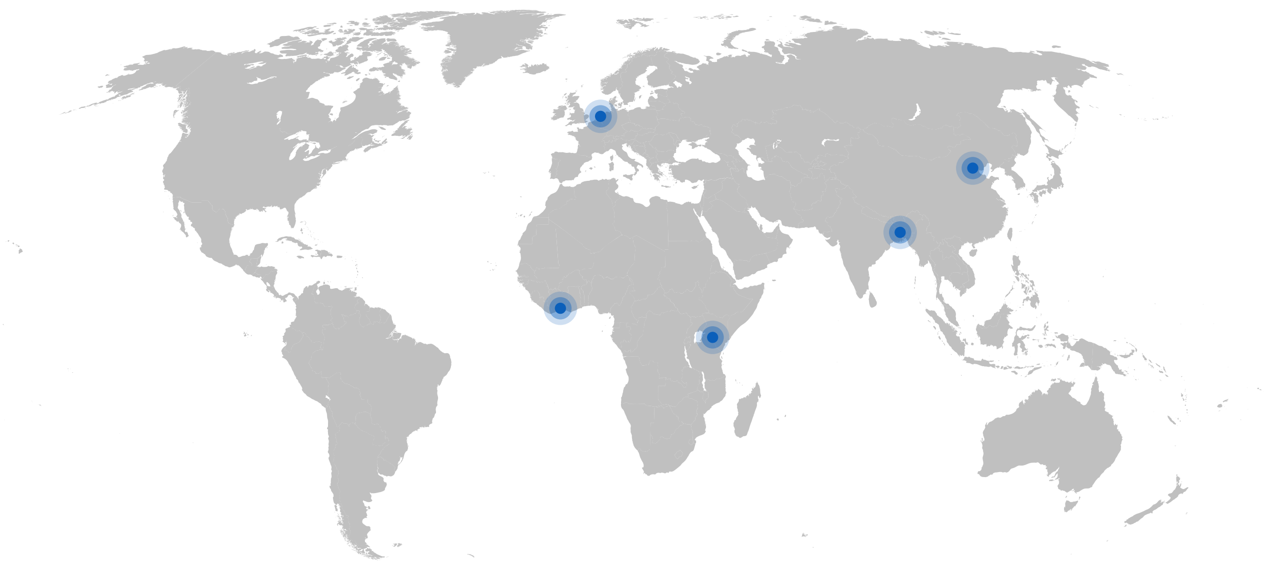
GCA's convening power brings together the most influential thinkers and decision-makers, while giving voice to the most vulnerable. GCA formulates policy messages to shape and move global, regional, and local adaptation agendas forward.

ACTION
Programs

GCA works with governments, academia, community-based organizations, IFIs, national banks, and private financial institutions to shape and implement investments in a way that builds resilience for climate-vulnerable people and creates jobs. GCA supports access to financing from the Green Climate Fund.

OUR GLOBAL AND REGIONAL NETWORK

Founded in 2018, GCA embodies innovation in its approach to climate adaptation and physical presence. It operates from the largest floating office in the world, in Rotterdam, the Netherlands. GCA has a worldwide network of regional offices in Abidjan, Côte d'Ivoire; Dhaka, Bangladesh; and Beijing, China. GCA will open a new office in Nairobi, Kenya in 2025.



OUR GLOBAL PROGRAMS

Drawing from an extensive network of partners bringing different perspectives, expertise, reach, and resources, GCA's programs deliver concrete and sustainable results in six thematic areas.

FOOD SECURITY

To feed a growing global population confronted by climate change, GCA is accelerating access to transformative climate-smart digital adaptation technologies. In partnership with CGIAR, the largest global agricultural innovation network, GCA is supporting the scale-up of climate adaptation innovations within agriculture investments financed by IFIs. The goal is to enhance the resilience and productivity of smallholder farmers.

INFRASTRUCTURE AND NATURE-BASED SOLUTIONS

Climate hazards can severely damage infrastructure networks and disrupt critical services, causing major societal and economic losses with widespread consequences. GCA mainstreams climate adaptation into infrastructure projects at the national, city, asset, and catchment levels, ensuring that investments result in resilient and equitable services.

WATER AND URBAN

Climate change is intensifying the hydrological cycle, leading to unpredictable water availability and heightened risks of extreme floods and droughts. GCA supports national governments in delivering climate-resilient water services and rapidly accelerating adaptation in cities, which are particularly vulnerable to climate impacts.

LOCALLY LED ADAPTATION

Communities on the frontlines of climate change are often the most proactive in developing adaptation solutions. However, they frequently lack the resources and authority needed for effective implementation. Through Locally Led Adaptation (LLA), GCA unlocks, supports, and leverages the enormous potential of communities to develop and implement solutions.

YOUTH EDUCATION AND ADAPTATION JOBS

Around 87% of young people live in developing countries, which are particularly vulnerable to climate change. Most of these young people will face unemployment and underemployment when they join the labor market. GCA empowers young people to advocate for climate adaptation on the global stage and enhance climate resilience in their communities through education and adaptation-focused employment opportunities.

CLIMATE ADAPTATION FINANCE

The world must mobilize the billions and shift trillions to achieve a climate-resilient and risk-informed transformation of the global economy. GCA builds the capacity of vulnerable countries to drive large-scale climate adaptation by adopting innovative planning approaches and accessing essential sources of adaptation finance.

GENDER EQUALITY AND SOCIAL INCLUSION

GCA employs LLA and gender-sensitive approaches to ensure that the adaptation needs of vulnerable communities, especially women and girls, are addressed through investment projects supported by IFIs.


The Africa Adaptation Acceleration Program (AAAP) is Africa's response to the impacts of the climate crisis (Photo credit: iStock/ Bartosz Hadyniak)

4. OUR WORK IN AFRICA

THE AFRICA ADAPTATION ACCELERATION PROGRAM

The **Africa Adaptation Acceleration Program (AAAP)** is Africa's response to the impacts of the climate crisis. Co-designed between the AfDB and GCA, and endorsed by the African Union (AU), the initiative is climate proofing $25 billion worth of investments to accelerate climate change adaptation in Africa by 2025 and fulfil the Sustainable Development Goals. GCA manages the AAAP Upstream Financing Facility, which finances the work of GCA and its implementation partners, many of which are African institutions, helping them to design and mainstream climate adaptation and resilience components into the projects of IFIs, multilateral development banks (MDBs), and other public and private development finance institutions.

The focus is on four areas, each with specific goals: :

1. **Food Security:** The goal is to influence at least **$10 billion** in investments by 2025 to build climate-smart agriculture and resilient food systems supporting food security for at least **38 million farmers and herders in 26 African countries.**

2. **Infrastructure and Nature-based Solutions:** The goal is to mainstream innovative climate resilience solutions, including nature-based solutions, into **$12 billion** worth of investments in infrastructure for water, transport, energy, and urban systems by 2025. This will ensure climate-resilient infrastructure assets and services for **100 million people are resilient to climate change.**

3. **Youth Entrepreneurship and Adaptation Jobs:** The goal is to support **one million youth** with entrepreneurship skills and create **five million climate adaptation jobs** through IFI investments worth over **$2 billion** by 2025.

4. **Adaptation Finance:** The goal is to unlock access to **$1 billion** in climate adaptation finance by 2025 by designing innovative public and private financial instruments and solutions, including structuring resilience bonds and debt for-resilience swaps. This also includes influencing IFI investments for the financial sector and developing aggregation mechanisms for climate adaptation investment assets and monetization of adaptation benefits.

AAAP RESULTS AND EXPECTED IMPACT

Since its launch in January 2021, the AAAP Upstream Financing Facility has shaped $8.4 billion in investments financed by the AfDB and other partners, including the World Bank, that strengthen resilience for almost 60 million people and generated 700,000 jobs. One dollar invested in the AAAP Upstream Financing Facility helps climate proof $100 worth of investments to bring the most effective adaptation solutions to Africa. The results and expected impact summarized below have supported GCA's efforts on advocating and mobilizing global support for climate adaptation through initiatives that convened over 80 heads of states, governments, and ministers to move the needle on climate adaptation.

Resources committed to support	Investments influenced	Countries worked in	Expected number of people benefitting	Expected number of jobs created
40 IFI projects	**$8.4 billion**	**35**	**57 million**	**709,000**

GCA is collaborating with the IMF's Resilience and Sustainability Facility to provide long-term financing for countries tackling climate change and pandemic risks, including Benin (Photo credit: iStock/ derejeb)

DOUBLING CLIMATE ADAPTATION FINANCE: IMF ENGAGEMENT

The IMF Resilience and Sustainability Facility (RSF) provides affordable long-term financing to countries that are undertaking reforms to reduce risks to prospective balance of payments stability. This includes those related to climate change and pandemic preparedness. By helping countries build resilience to external shocks and ensuring sustainable growth, the RSF contributes to longer-term balance of payments stability.

The development of the policy matrix requires technical and policy expertise in climate mitigation and adaptation. GCA's role is to support the analysis, identification, prioritization, and/or implementation of climate adaptation policy plans and measures. This support is based on GCA's expertise in understanding the cascading effects of climate risks on economic activities and population, prioritizing adaptation needs, and designing effective, "people-centric" solutions that target large-scale impact.

GCA provides technical assistance to IMF country teams along the following lines:

- Climate change impacts are macro-critical and key to sustainable economic and human development, as well as debt sustainability.
- Climate adaptation should be central to national planning and budgeting processes.
- Climate adaptation should be mainstreamed into budgeting, planning, and implementation with a strong climate adaptation focus on macro-critical sectors such as agriculture, water, coastal resilience, and urban development.
- There is a pressing need to continue mobilizing additional climate adaptation finance.

The AAAP is accelerating access to transformative climate-smart digital adaptation technologies (Photo credit: iStock/ Hiraman)

AAAP 2023 HIGHLIGHTS

FOOD SECURITY

Since the start of the Africa Adaptation Acceleration Program, GCA has influenced the design of food security investment projects amounting to just under $2.6 billion IFI investments in total. This includes five new projects that were approved by the Boards of the World Bank Group, AfDB, and IFAD respectively in 2023 (amounting to $496 million in total of investments that GCA has influenced from an adaptation lens in the reporting period). Taken together the investment projects influenced to date under the program are expected to benefit 14 million people (49% of which are women), generate 173,000 jobs, and apply digital climate-enabled solutions in 2.5 million hectares in 25 countries in Africa.

In addition to directly supporting investment projects financed by the IFIs, GCA provides targeted technical assistance. GCA has for example launched comprehensive training programs to build capacity on Digital Climate Advisory Services (DCAS). GCA is delivering regional trainings to build the capacity of project implementers, MDB staff, and other key stakeholders on DCAS. Each training event is contextualized to the needs of the respective regions. In 2023, GCA co-organized a regional training workshop for Eastern African countries with the AfDB and the Wangari Maathai Institute for Peace and Environmental Studies of the University of Nairobi co-organised. The training targeted officials from agricultural ministries, extension services, experts from national research institutions, field officers from NGOs, youth organizations, women agribusiness groups, and national meteorological departments. A total of 86 people from 12 countries in East Africa participated in the training. Participants reported improved knowledge of DCAS and data-enabled agriculture challenges, opportunities, and approaches, noting that the training will support them in verifying forecast products, preparing an agricultural extension advisory service, and conducting Training of Trainers for extension agents, farmers, and pastoralists.

Portfolio and results highlights under this pillar up to December 2023 include:

FOOD SECURITY PROJECTS

Eswatini
- Mkondvo Ngwavuma Water Augmentation Programme

Ethiopia
- Ethiopia Wheat Value Chain Development Project
- Food Security Resilience Project in Ethiopia

Ghana
- Ghana Tree Crop Diversification Project

Malawi
- Sustainable Agricultural Production Program Project

Mozambique
- Inclusive Agri-Food Value-Chain Development Programme

Nigeria
- Livestock Productivity and Resilience Support Project (LPRES)
- Technical Assistance for field implementation of LPRES

Senegal
- Programme National de Developpement Integre de L'Elevage au Senegal (PNDIES)

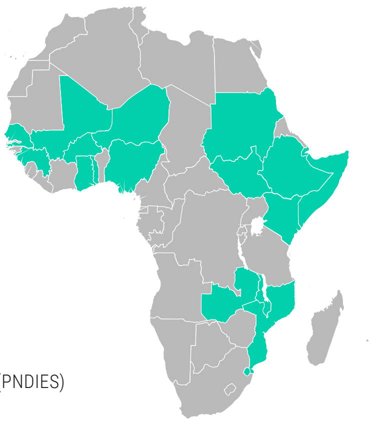
Zambia
- Zambia Growth Opportunities

Multicountry: Zambia, Mozambique
- Program for integrated development and adaptation to climate change in the Zambezi

Multicountry: Burkina Faso, Gambia, Guinea, Mali, Niger, Senegal, Togo
- Programme for the Reinforcement of Resilience to Food and Nutrition Insecurity in the Sahel

Multicountry: Kenya, Ethiopia, Sudan, South Sudan, Djibouti, Somalia
- Program to Build Resilience for Food and Nutrition Security in the Horn of Africa (BREFONS)

Multicountry: Kenya, Djibouti, Ethiopia, and South Sudan
- Technical Assistance for field implementation of BREFONS



Investments influenced
$2.6 billion

Countries worked in
19

Expected number of people benefitting
13 million

Expected number of jobs created
170,000+


GCA is integrating digital climate information and agricultural advisory services into the $226 million Program to Build Resilience for Food and Nutritional Security in the Horn of Africa financed by AfDB (Photo credit: GCA)

PROGRAM TO BUILD RESILIENCE FOR FOOD AND NUTRITIONAL SECURITY IN THE HORN OF AFRICA

GCA is integrating digital climate information and agricultural advisory services into the **$226 million Program to Build Resilience for Food and Nutritional Security in the Horn of Africa** financed by AfDB. This program aims to improve peace and security in the region by strengthening resilience to climate shocks, thereby reducing conflicts that arise from climate-induced resource competition, and in turn enhancing food security and living conditions. This initiative is expected to benefit:

- 1.3 million farmers and pastoralists using climate services, including women, with 55,000 jobs created for youth and women
- 750,000 farmers and pastoralists with access to extension services using digital advisory services
- 170,000 hectares to be cultivated using digital climate-enabled solutions with 15 million livestock benefiting from DCAS

GCA is working with the Alliance of Bioversity International and the International Center for Tropical Agriculture (CIAT) on developing toolkits and strengthening the capacity of the governments of Kenya and Djibouti to identify and implement digital agricultural adaptation solutions, in order to build the resilience of smallholder farmers. GCA is also building the capacity of policymakers to ensure the uptake of the digital solutions in these toolkits.

To inform the design of the toolkits, in 2023, GCA supported country consultations, which assessed the status of digitalization within the agricultural sector and gathered stakeholder requirements. A feasibility study on incorporating digital solutions into the agricultural sector was concluded and presented to government officials for review. The feasibility study included a comprehensive gender analysis, which revealed that women in Djibouti confront multifaceted challenges that significantly impede their access to resources and potential benefits from digital and climate-smart agricultural technologies. With these gender disparities in mind, the most promising digital technologies presented in the toolkit were selected employing a framework that addresses the specific challenges faced by women while also emphasizing a holistic strategy that promotes inclusivity, equal benefits, and empowerment within the agricultural technology landscape in Djibouti.

To identify the most promising digital technologies for climate adaptation and develop a roadmap for implementing one or more digital technologies with the potential to transform and improve the climate resilience of the agricultural sector, GCA conducted a one-week mission in Djibouti in July 2023. This included fieldwork across provinces and engagement with stakeholders, including government officials, NGOs, and producers. As the work in Djibouti also involves identifying and integrating inclusive digital adaptation solutions in the agricultural sector with a focus on a gender-inclusivity, the insights of marginalized groups were captured to inform specific needs in integrating inclusive digital solutions and organizing stakeholder workshops for consensus-building.

In Kenya, GCA is engaging with stakeholders to support the project before implementation starts.

In Nigeria, GCA is supporting the World Bank's $500 million Livestock Productivity Resilience Support Project (Photo credit: iStock/Fela Sanu)

LIVESTOCK PRODUCTIVITY AND RESILIENCE SUPPORT PROJECT IN NIGERIA

In Nigeria, GCA is supporting the World Bank's **$500 million Livestock Productivity Resilience Support Project (LPRES)**. The goal is to improve the productivity of the livestock value chain, food and nutrition security, income growth, and social cohesion between agro-pastoral communal groups to reduce farmer-herder conflicts. These measures are helping to ensure greater livestock resilience while also minimizing environmental degradation and emissions from the sector.

GCA's support to the project includes:

- Conducting a comprehensive review and landscape analysis of the livestock sector in Nigeria, and an assessment of related climate risks and vulnerabilities and relevant digital solutions for adaptation
- Establishing an inventory of existing and viable climate-smart digital agriculture solutions applicable to the livestock sector, particularly cattle, small ruminants, and poultry and pig value chains
- Identifying opportunities and constraints to applying digital adaptation solutions so that interventions are well targeted and contribute to the overall resilience and food security of the local population
- Building capabilities of stakeholders for scale-up

The expected results from the investment project include:

- 1 million direct individual beneficiaries reached
- 150,000 farmers adopting improved agricultural technologies
- 150,000 hectares cultivated using digital climate-enabled solutions
- 1 million hectares of grazing land under sustainable practices
- 4 million animals vaccinated against key diseases
- 2,000 extension workers trained.

In 2023, GCA in collaboration with Agramondis, conducted structured interviews and questionnaires with key stakeholders in the livestock value chains across Nigeria, to understand the key challenges faced by the selected livestock value chains, and the potential scalable adaptation solutions. Technical research and analysis of climate risks and vulnerabilities of the livestock sector and digital agricultural technologies to support adaptation as well as the overall climate resilience of the sector is conducted in parallel. A final workshop to validate the report will take place in June 2024. A capacity building workshop will also be held to strengthen the capabilities of the LPRES project team at the national level to effectively integrate and implement research findings. GCA will collaborate with partners – World Bank, LPRES National Office and Agramondis – to convene the final technical/validation meeting, while Agramondis will design and conduct the capacity building workshop with GCA's guidance.

A significant portion of GCA's portfolio is implemented in Fragile and Conflict-Affected Situations countries (Photo credit: iStock/JordiStock)

INFRASTRUCTURE AND NATURE-BASED SOLUTIONS

To date, GCA's work has influenced 20 IFI board-approved investment projects worth over $4.3 billion, an increase of just over $2 billion in 2023 compared to the previous reporting year. A total of ten IFI investment projects make up $2 billion in investments influenced during the period for this report. When implemented, these 20 investment projects will strengthen the resilience of infrastructure that will benefit more than 43 million people and generate nearly 100,000 jobs.

Activities under the infrastructure and nature-based solutions pillar are organized around six business lines. A significant portion of GCA's portfolio is implemented in Fragile and Conflict-Affected Situations (FCS) countries. Understanding FCS countries is therefore critical for program delivery to be effective, and more importantly, sensitive to local realities. To inform GCA support in fragile contexts with a focus on urban environments, GCA has mobilized additional technical support to: (i) develop a water-urban team strategic framework for implementing climate adaptation solutions in fragile and conflict-affected settings; (ii) document lessons learned and examples of good practice identified in FCS contexts; and (iii) provide operational support in conducting landscape analysis and developing the "Unpacking Fragility and Climate Guidance Note", which summarizes GCA's strategy into actionable guidelines.

Portfolio and results highlights under this pillar up to December 2023 include:

INFRASTRUCTURE AND NATURE-BASED SOLUTIONS PROJECTS

Benin
- Port of Cotonou Expansion

Burundi
- Climate Resilient Water Services Burundi

Chad
- Urban Resilience for N'djamena Chad

Democratic Republic of the Congo
- Kanaga Emergency Urban Resilience Project

Ethiopia
- Borana Resilient Water Development for Resilient Livelihoods Program Phase I
- Eastern Ethiopia Electricity Grid Reinforcement Project

Gambia
- Port of Banjul 4th Expansion Project

Ghana
- Ghana Scaling-up Renewable Energy Programme Project Solar Minigrid & Net Metering

Kenya
- Kenya–South Sudan Link Road Lesseru–Kitale and Morpus–Lokichar Road Upgrading Project
- Second Kenya Urban Support Program
- Nairobi Rivers Basin Rehabilitation and Restoration Project: Sewerage Improvement Project Phase II

Liberia
- Liberia Urban Resilience Project

Mozambique
- Songo-Matambo Electricity transmission line

Rwanda
- Rwanda Basket Fund

Senegal
- Autoroute Dakar Saint-Louis Phase I

Sierra Leone
- Freetown Aquatic, Water, Sanitation and Hygiene and Environment Project

Tanzania
- Tanzania Burundi Railway

Uganda
- Kampala-Malaba Metre-gauge Railway Refurbishment Project

Multicountry: Comoros, Madagascar, Mozambique, South Sudan
- Regional Climate Resilience Program for Eastern and Southern Africa

Multicountry: Burkina Faso, Chad, Mali, Mauritania, Niger
- Desert to Power (DtP) G5 Sahel Financing Facility

Multicountry: Mauritania, Mali
- DtP Mauritania-Mali interconnection and Solar generation

Investments influenced
$4.3 billion

Countries worked in
22

Expected number of people benefitting
43 million

Expected number of jobs created
91,000+

GCA is supporting the $223 million Kenya-South Sudan Link Road Upgrading Project financed by AfDB (Photo credit: iStock/czekma13)

KENYA–SOUTH SUDAN CORRIDOR ROAD UPGRADING PROJECT

GCA is supporting the **$223 million Kenya-South Sudan Link Road Upgrading Project** financed by AfDB. This investment project will upgrade critical sections of the road corridor between between Kenya and South Sudan, a critical trade route between the two countries. Through greater connectivity, the project promotes uninterrupted trade and communication between Kenya and South Sudan, boosts export-oriented agricultural development, and contributes to the economic and social empowerment of the local population.

GCA's technical assistance and support includes:

- Quantifying key climate hazards and associated risks to planned transport assets
- Determining the exposure and vulnerability of transport systems with corresponding impacts on assets, services, and people
- Identifying and appraising relevant adaptation and resilience options, focusing on operations and maintenance and nature-based solutions
- Building capacity to mainstream resilience for transport infrastructure planning, design, and operations

In 2023, GCA delivered a detailed prioritization of green and grey adaptation options with a focus on operations and maintenance interventions. GCA's three proposed solutions have the potential to add value ranging from $1.3 to $8.7 for every dollar spent on these solutions. These adaptation solutions are designed to protect transport assets and operations from climate hazards, which can cause up to $72 million per year in damages in 2050 under the Intergovernmental Panel on Climate Change high emissions global warming scenario. These costs include repair costs to address direct damages to assets, and indirect economic costs from traffic disruptions and downtime of the assets, for example food trade interruptions and potential losses of trade products. The results were discussed during Climate risks dialogues held in Nairobi in August with multiple project stakeholders including the AfDB, Kenya Highway Authority (KeNHA), Kenya Meteorological Department, Kenya Forest Service, and the Universities of Nairobi, Eldoret, and Oxford. KenHA indicated strong interest in integrating part of the options at a larger scale in their technical standards for design and assets management, and discussing green solutions across governmental agencies, especially with Kenya Forest Service, to reenforce preventive actions for infrastructure resilience. GCA activities on the project were delivered in August 2023. GCA has ensured that results are shared with KenHA so that the proposed technical options for the assets design can be included in the project's construction. KenHA has indicated interest in using the recommended options for maintenance within the national-level technical standards for roads maintenance.

GCA's support will reinforce the project's outcomes:

- 193 kilometers of resilient, refurbished road
- 500 additional traders (60% women) utilizing improved market facilities
- 7,200 direct jobs created (30% women)
- The development of a Kenya–South Sudan Trade Facilitation Strategic program

GCA is supporting Locally Led Adaptation efforts to inform the design of the World Bank's $40 million Liberia Urban Resilience Project (Photo credit: iStock/BethanyFank)

LIBERIA URBAN RESILIENCE PROJECT

GCA is supporting Locally Led Adaptation efforts to inform the design of the World Bank's **$40 million Liberia Urban Resilience Project (LURP)** in Greater Monrovia and the secondary cities of Buchanan, Gbarnga, and Ganta. This investment project will increase flood resilience and access to urban infrastructure in vulnerable informal neighborhoods, thereby enhancing the climate resilience of these communities. Additionally, it will strengthen municipal and institutional capacities in Liberia, improving integrated urban management.

GCA will strengthen the following project outcomes:

- Integrated understanding of climate hazards and risks in 15 communities in Southern Paynesville and 37 in Northern Bushrod Island in Greater Monrovia, which feeds into the project's implementation.
- Strengthened capacity of Government of Liberia staff to engage with local communities on adaptation issues and conduct community-driven risk enumeration and profiling.
- 200,000 people benefiting from improved urban infrastructure, and
- 340 hectares of area protected from flooding.

To inform investments under the project, GCA partnered with the Young Men's Christian Association (YMCA) of Liberia, Akiba Mashinani Trust (AMT), Slum Dwellers International (SDI), and the Federation of Liberia Urban Poor Savers (FOLUPS) to support an enumeration and climate risk profiling process of local communities living in informal settlements in the Northern Bushrod and Southeastern Paynesville areas of Greater Monrovia.

GCA provides overall project management and quality assurance support, and ensures the community led profiling and planning process effectively informs the project.

In addition to the preparatory work that took place in 2023, GCA organized a peer-to-peer training workshop in Monrovia from 21 to 22 June 2023. A delegation from Nairobi, Kenya, including community members, Nairobi City County Government representatives, and representatives from civil society and academia travelled to Monrovia to share lessons from the pioneering locally led planning process that took place in Mukuru, an informal settlement in Nairobi. Led by AMT, the training was attended by 37 representatives from the Liberia Ministry of Internal Affairs, Monrovia City Corporation, Paynesville City Corporation, National Housing Authority, Environmental Protection Authority, University of Liberia, FOLUPS, YMCA, and community mobilizers and enumerators trained by YMCA. *Locally Led Planning: A Guide for Building Climate Resilience in Urban Informal Settlements*, a guide produced by GCA together with partners in Kenya, was used as a resource during the training. The guide is based on the experience of locally-led planning in Mukuru.

The guide and the interaction with AMT helped participants from Monrovia to view the process not simply as a short-term project, but as an important step towards a longer-term vision for a more inclusive and resilient city. The workshop provided an opportunity to share this vision with the World Bank's Project Management Unit and secure their continued support for the locally-led process.

2023 YouthADAPT Challenge winner Onion Doctor monitors onion crops for diseases and provides instant alerts to farmers (Photo credit: Onion Doctor)

YOUTH ENTREPRENEURSHIP AND ADAPTATION JOBS

Youth entrepreneurship and adaptation jobs are critical to unlocking the untapped potential of young people in Africa to drive resilience and green enterprise. GCA supports youth-led enterprises in scaling up their adaptation solutions, and mainstreams adaptation jobs in strategic investment projects across the continent. The goal is to equip 1 million youth with entrepreneurship skills and to mainstream adaptation jobs into the investment projects of MDBs by influencing projects worth $2 billion by 2025, thereby creating 5 million adaptation jobs.

To achieve this goal GCA's activities focus on developing the skills, knowledge, and capacity of African youth on adaptation and entrepreneurship; promoting equality and equal opportunities; facilitating access to funding; and providing mentorship to youth-led businesses, half of which are women-led, in the adaptation space.

In 2023, GCA activities under this pillar focused on two strategic business lines: Scaling-Up Youth Innovation for Adaptation Action and Mainstreaming Adaptation Jobs into Investment Projects.

Portfolio and results highlights under this pillar up to December 2023 include:

YOUTH ENTREPRENEURSHIP AND ADAPTATION JOBS PROJECTS

Guinea-Bissau
- Youth and Women Entrepreneurship and SME Development Lusophone Compact Facility Phase I Project

Liberia
- Program for Advancing Youth Entrepreneurship Investment - Liberia

Nigeria
- Investment in Digital and Creative Enterprises Program
- Special Agro-Industrial Processing Zones Program

Senegal
- Programme National de Developpement Integre de L'Elevage au Senegal

Somalia
- Skills for Employability, Inclusion and Productivity Project

South Sudan
- Private Sector Development in a Fragile Context
- Youth Enterprise Development and Capacity Building Project

Multicountry: Benin, Cameroon, Comoros, Democratic Republic of the Congo, Central African Republic, Ghana, Kenya, Niger, Nigeria, Zambia
- African Youth Adaptation (YouthADAPT) Solutions Challenge – Grant award to 5 Francophone Enterprises

Investments influenced
$1.2 billion

Countries worked in
15

Expected number of people benefitting
1 million

Expected number of jobs created
445,000+

2023 YouthADAPT Challenge winner Green Eden Farms combines artificial intelligence and Internet of Things sensors to bring real-time irrigation, pest control, and disease prevention information to farmers in Nigeria (Photo credit: Green Eden Farms)

AFRICAN YOUTH ADAPTATION SOLUTIONS CHALLENGE (YOUTHADAPT)

The **African Youth Adaptation Solutions Challenge (YouthADAPT Challenge)** is an annual competition and awards program that supports youth-led enterprises with innovative climate adaptation and resilience solutions. Each winner of the challenge receives a $100,000 grant and business support through a 12-month accelerator program.

Jointly led by GCA and the AfDB, and with technical assistance support from Climate Investment Funds (CIF), the YouthAdapt Challenge seeks to create jobs and build the capacity of youth by investing in their enterprises with grant funding and accelerators to support scale-up of youth adaptation solutions.

Since the program started, $4.7 million has been invested in 41 youth-led enterprises in the agriculture, waste management, and technology sectors across 24 African countries to support business expansion, new market entry, and investor readiness, thereby positioning them to access additional funding.

During the reporting period, an enterprise support organization was recruited to drive the implementation of YouthADAPT Solutions Challenge. An Africa-wide call for applications to YouthADAPT was also launched, and more than 3,500 submissions received. This was followed by the evaluation stage involving a jury process and selection of nominees. Subsequently, 20 winning enterprises were selected.

Ahead of the accelerator program, a gap analysis was conducted to determine training and mentorship needs of the enterprises. Furthermore, training materials were developed, and professional mentors engaged, to support the enterprises in executing their business plans. Other activities in the reporting period included the development of a monitoring, evaluation, and data collection framework and the coordination of timely grant disbursements to the enterprises.

YouthADAPT Challenge winners achieved significant successes and business transformation over the last 12 months. The enterprises benefited from comprehensive training as well as mentorship in investor readiness, business strategy operationalization, business model development, accounting, financial management, and blockchain development. Cumulatively, the enterprises participated in approximately 120 hours of training and 80 mentorship sessions by the end of 2023.

After receiving this financing, training, and mentorship support, the enterprises created 9,123 jobs across the African continent (of which 714 are direct jobs and 8,409 indirect jobs). Furthermore, where services involve equipping and impacting smallholder farmers, 17,000 smallholder farmers were trained in adaptation practices. Out of the total enterprises supported, 63% were women-owned or led. The enterprises secured a total of $7.7 million in additional funding through equity, debt or other grants following the accelerator programs.

GCA is working with the AfDB and the Federal Government of Nigeria to mainstream climate adaptation and resilience jobs into the $620 million Nigeria Investment in Digital and Creative Enterprises program (Photo credit: iStock/ AndreyPopov)

NIGERIA INVESTMENT IN DIGITAL AND CREATIVE ENTERPRISES (i-DICE)

GCA is working with the AfDB and the Federal Government of Nigeria to mainstream climate adaptation and resilience into the **$620 million Nigeria Investment in Digital and Creative Enterprises program (i-DICE)**. i-DICE is a Federal Government of Nigeria program that promotes investment in Information and Communications Technology (ICT) and creative industries, as part of efforts to build back better, greener, and more inclusively, supporting the government's agenda to create more sustainable jobs during and after the COVID-19 pandemic.

In 2023, GCA concluded a labour market assessment in partnership with PricewaterhouseCoopers to inform project implementation. Through the labour market assessment, GCA is guiding the project in defining, identifying, and measuring adaptation jobs. GCA is also helping identify the skills required for adaptation jobs, which will be mainstreamed into the skills training activities of the project. GCA will also conduct a hackathon to promote the creation of adaptation enterprises. The project is co-financed by the Federal Government of Nigeria, AfDB, AFD, and the Islamic Development Bank.

GCA's technical assistance will reinforce the following outcomes:

- 849,970 jobs created (77,270 direct and 772,700 indirect), of which 30% are adaptation jobs (255,000)
- 175,000 youths trained in ICT skills
- 75 Enterprise Support Organizations with strengthened capacity
- 270 start-ups supported to access business development services
- 250 unemployed post-graduate youth supported
- Up to $331.7 million in additional financing mobilized for 226 innovative startups
- 30 to 50% of impact will benefit young women

Similarly, GCA is supporting two other AfDB investment projects in seven states of Nigeria (**$538 million, Nigeria Special Agro-Industrial Processing Zones Program Phase 1 Project**) and South Sudan (**$7 million, South Sudan Youth Enterprise Development and Capacity Building Project**). GCA is identifying and measuring possible adaptation jobs that can be created through these projects as well as assessing the skills required for new adaptation jobs to be harnessed project activities. A labour market assessment in partnership with PricewaterhouseCoopers will also be undertaken for these projects.

GCA builds the capacity of African countries to drive adaptation at a much greater scale by accessing the key sources of adaptation finance (Photo credit: iStock/Claudiad)

ADAPTATION FINANCE

Under the adaptation finance pillar, GCA is committed to increasing financial support for adaptation and resilience efforts in Africa. This goal involves mobilizing funds for adaptation finance from both domestic and international sources, including public and private sectors, and utilizing an innovative direct access approach to secure $5 billion by 2025.

To this end, GCA's climate adaptation solutions have so far influenced two projects worth approximately $338 million, also assisting over 30 entities in building their capacity to develop impactful adaptation proposals for accessing multilateral funds.

Through the adaptation finance pillar, GCA builds the capacity of African countries to drive adaptation at a much greater scale by accessing the key sources of adaptation finance. Major barriers that African countries face in accessing large-scale adaptation finance from major climate funds include significant gaps in adaptation planning, lack of decision-making based on a programmatic approach, insufficient technical capacities for adaptation project development and implementation, and a failure to capitalize on direct access modalities. GCA aims to address these barriers by strengthening direct access to multilateral climate funds through more locally accredited entities, promoting intersectoral, transformational adaptation projects and programs, and enhancing capacity for adaptation finance planning and decision-making.

Portfolio and results highlights under this pillar up to December 2023 include:

ADAPTATION FINANCE TECHNICAL ASSISTANCE PROGRAM

Investments influenced
$0.3 billion

Countries worked in
10

Expected number of people benefitting
14

GCA is providing tailored guidance and technical support to streamline accreditation and reaccreditation processes for Direct Access Entities in Senegal (Photo credit: iStock/mariusz_prusaczyk)

ENHANCING DIRECT ACCESS FOR ADAPTATION FINANCE IN SENEGAL

GCA's goal is to reduce barriers to large-scale access to multilateral climate funds in Africa and significantly increase the flow of adaptation finance to the region. While multilateral climate funds, like the Green Climate Fund (GCF), offer high-risk taking capacity to finance large-scale adaptation projects, many country institutions often lack the expertise to develop robust, evidence-based funding proposals and concept notes.

In response, to this need, GCA is providing tailored guidance and technical support to streamline accreditation and reaccreditation processes for Direct Access Entities in Senegal. This support includes capacity building to develop high-quality adaptation concept notes and strengthening the technical and operational capacity of Direct Access Entities, enabling them to effectively navigate the GCF accreditation process and access adaptation finance at scale

GCA is working with the Centre de Suivi Ecologique (CSE), La Banque Agricole (LBA), Fonds de Garantie des investissements Prioritaires (FONGIP), and Le Fonds Souverain d'Investissements Stratégiques (FONSIS) to enable direct access to the GCF. GCA's support to FONGIP and FONSIS has included developing a comprehensive gap assessment, identifying a substantial need for the development of different policies, procedures, and strategies to meet GCF accreditation standards. At present, the GCA is actively involved in providing support and guidance to FONGIP and FONSIS, assisting in the development and revision of essential policies and documents that are missing at this moment. GCA is providing technical support to help update these documents and management procedures.

With CSE, GCA's support starts with technical assistance for re-accreditation to the GCF. In parallel, GCA is providing technical support to CSE and LBA to identify project concepts that will be developed into funding proposals. Currently, GCA is in the process of completing three adaptation concept notes to be submitted to the GCF and the Adaptation Fund in 2024. These include initiatives to enhance smallholder farmers' resilience in Southern and Eastern Senegal through agroforestry systems.

GCA is helping Ghana diversify its channels for delivering climate finance and strengthen national ownership (Photo credit: iStock/ Samuel Sefa)

UNLOCKING ADAPTATION FINANCE WITH THE GHANA INFRASTRUCTURE INVESTMENT FUND

Faced with intensifying climate impacts, the government of Ghana is prioritizing climate adaptation. In 2015, the Ghana submitted its first Nationally Determined Contribution (NDC) to the United Nations Framework Convention on Climate Change. Ghana requires between $9.3 and $15.5 billion of investment to implement 47 NDC measures from 2020 to 2030. While mobilizing substantial domestic funding, Ghana relies on international support to achieve its 2030 contributions.

To diversify its channels for delivering climate finance and strengthen national ownership, GCA is providing support to the Ghana Infrastructure Investment Fund (GIIF) for accreditation to the GCF. To support this accreditation process, GCA conducted a comprehensive gap assessment for the GIIF. GCA's technical assistance played a crucial role in the development of new policies, including a Gender Action Plan, Sustainability Policy, Information Disclosure Policy, Monitoring and Evaluation Guidelines, Policy on Prohibited Practices, Protection of Whistleblowers and Witnesses Policy, and a Management Tree document. With GCA's support, GIIF successfully submitted its accreditation application to the GCF in the fourth quarter of 2023.

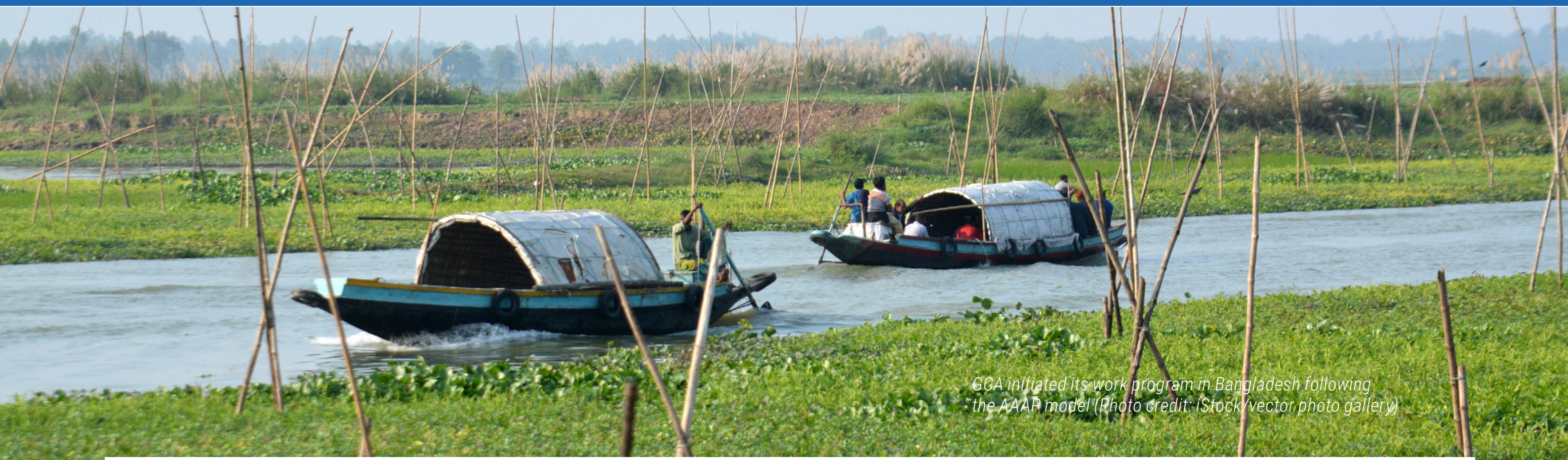
GCA's support also includes:

- Providing tailored guidance and technical support to streamline accreditation for GIIF, ensuring compliance with GCF standards
- Strengthening the technical and operational capacity of GIIF to effectively navigate the GCF accreditation process and access adaptation finance at scale
- Enhancing the capacity of Direct Access Entities to develop high-quality adaptation concept notes, thereby increasing the chances of approval by the GCF Secretariat

GCA's technical assistance supports the following expected outcomes:

- Mobilized private sector funding for adaptation initiatives
- Updated policies and strategies of four national entities
- Improved institutional and technical capacity to implement innovative financial instruments
- Enhanced credibility of national entities in the eyes of stakeholders such as investors, donors, and international organizations

Once accredited, GCA will provide technical assistance to develop concept notes and funding proposals, drawing from *Ghana's National Investment Roadmap for Climate Resilient Infrastructure*, launched in 2022.



GCA initiated its work program in Bangladesh following the AAAP model (Photo credit: iStock/vector photo gallery)

5. OUR WORK IN ASIA

BANGLADESH

Following the AAAP model, GCA initiated its work program in Bangladesh in February 2022 with support from the United Kingdom's Foreign, Commonwealth & Development Office (FCDO) with a focus on three thematic areas:

1. **Locally Led Adaptation:** The goal is to ensure that the needs of poor and vulnerable communities are integrated into investments worth at least **$1 billion** that will help increase the resilience of at least 1 million people by 2026. Launched in 2022 by the Prime Minister of Bangladesh, H.E. Sheikh Hasina, GCA's Global Hub on Locally Led Adaptation (LLA) also informs, connects, and inspires local communities and practitioners around the world.

2. **Nature-based Solutions for Systemic Resilience:** The goal is to mainstream innovative climate resilience solutions, including nature-based solutions, into **$3 billion** worth of investments for resilient infrastructure, urban, and food systems that provide services for **20 million people** by 2026.

3. **Climate Adaptation Finance:** The goal is to unlock **$1 billion** in climate finance by 2026.

Resources committed to support	Investments influenced	Expected number of people benefitting
8 IFI projects	**$1 billion**	**57 million**

Under the **Locally Led Adaptation** portfolio, the 2023 GCA Local Adaptation Champions Awards spotlighted and rewarded four innovative, exemplary, inspiring, and scalable locally-led efforts that address the impacts of climate change and build effective climate resilience: Pastoral Women's Council from Tanzania, Espacio de Encuentro de las Culturas Originarias from Mexico, the Local Government Engineering Department of Bangladesh, and Aumsat Technologies from India. The *2023 Stories of Resilience*, a collection of LLA case studies and analysis, was developed and launched during COP28. In partnership with BBC Media Action, GCA trained TV journalists and youth leaders from Bangladesh on LLA reporting and provided mentoring support on how to use the training to generate income. BBC Media Action developed 60 stories covering a range of LLA interventions in different sectors including agriculture, livelihoods, and water. Trainee journalists and youth produced *100 Voices of the Vulnerable*, a collection of video shorts of climate vulnerable citizens from north and south-west Bangladesh, describing the impacts of climate change on their lives. These results and initiatives were featured prominently in the Global Hub on LLA.

As part of GCA's support to the Asian Development Bank's **Coastal Towns Climate Resilience Project,** under the LLA portfolio, GCA scaled up the work piloted in Mongla to develop Urban People's Climate Resilience Plans in informal settlements in three paurashavas, including Bhola, Patuakhail and Kuakata. This work will inform targeted slum improvement investments under the project. Nine community-led ward level adaptation plans were completed in November 2023 and subsequently validated by the Local Advisory Committee and community members. Twenty climate hotspots in Patuakhali and Kuakata were identified through settlement mapping. The profiling and vulnerability index calculation was completed and validated by the Local Advisory Committee in October 2023. The development of 20 community-led adaptation plans in Patuakhali and Kuakata was initiated in December 2023.

Under the **Nature-based Solutions for Systemic Resilience portfolio**, GCA developed a Climate Analytics Report on current and projected climate hazards in the 22 towns targeted by the project. The assessment was conducted in consultation with an Expert Advisory Panel, which includes researchers and professional experts on coastal resilience from across the world providing their expertise on a voluntary basis. The climate hazards assessment, including the assessment and identification of Nature-based Solutions contributing to infrastructure resilience, is also used in the development of the Urban People's Climate Resilience Plans.

As part of GCA's technical assistance to the Asian Infrastructure Investment Bank's **Hatikumrul-Bonpara-Jhenaidah Road**, GCA conducted a climate risks analysis to quantify how climate hazards on the road corridor may impact the assets, transport services, and adjacent population in the project. The quantitative risks analysis was completed in November. Findings, including green and grey adaptation options for integration in the project, were shared and validated in an interactive, hybrid workshop on climate change adaptation and resilience held on November 30 2023 in Dhaka. The workshop was attended by 57 stakeholders, including representatives from government, IFIs and higher education institutions.

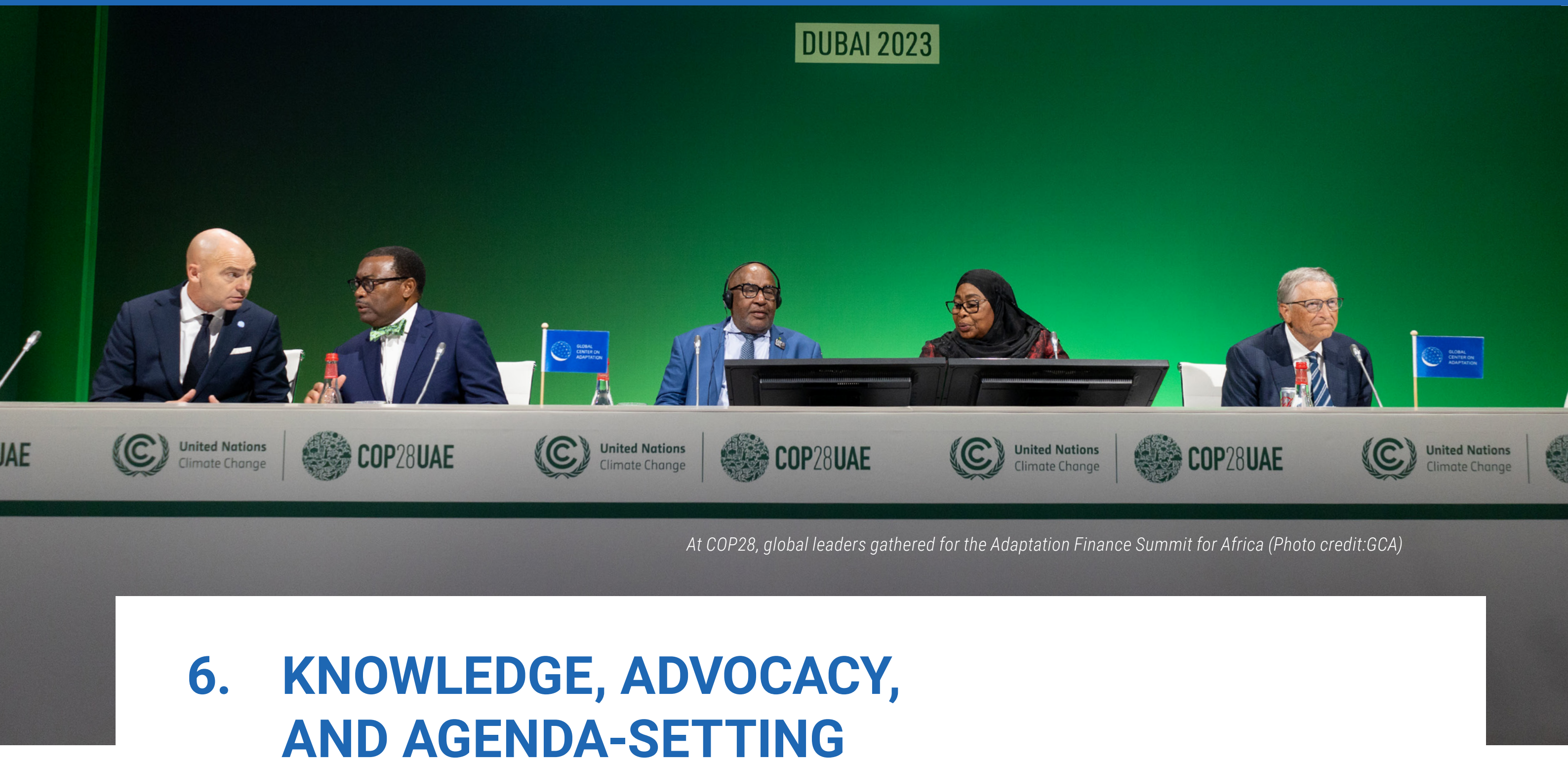
Under the **Climate Adaptation Finance** portfolio, in 2023, GCA delivered training to strengthen capacity within Bangladesh to access adaptation funding. More than 45 representatives of Direct Access Entities, ministries, government bodies, and the private sector participated in the training.

CHINA

Climate change is seriously and adversely impacting China's natural ecosystem, and persistently infiltrating its economic and social system. In response, the Ministry of Ecology and Environment (MEE) of China developed a national climate change adaptation strategy in 2021 for the next decade, incorporating adaptation into economic and social development. As a key international partner of the Chinese government in adaptation, GCA channels the most advanced knowledge and international experience to inform the development and support the implementation of this strategy.

In 2023, with support from the International Panel on Deltas and Coastal Areas (IPDC) and the MEE, GCA collaborated with the Weihai Municipal People's Government to conduct a launch workshop for the climate-resilient pilot cities program. Through the workshop, GCA provided technical support to Weihai City, strengthening the capacity of government officials to plan, design, and implement climate resilience policies and programs. GCA continued this work in 2024, conducting two webinars focused on building a climate-adaptive city and integrating climate resilience in development.

Left: GCA organized training on adaptation finance in Dhaka to strengthen capacity within Bangladesh to access adaptation funding; Right: GCA collaborated with the Weihai Municipal People's Government to conduct a workshop for the climate-resilient pilot cities program (Photo credits: GCA)



At COP28, global leaders gathered for the Adaptation Finance Summit for Africa (Photo credit:GCA)

6. KNOWLEDGE, ADVOCACY, AND AGENDA-SETTING

STATE AND TRENDS IN ADAPTATION

The GCA's flagship *State and Trends in Adaptation* (STA) series provides a comprehensive overview of current and anticipated climate risks and adaptation solutions in Africa, with a specific focus on recognizing gender differences in adaptation needs and capacities. In 2023, the STA Report (STA23) focused on critical topics for the continent, such as the status of finance for adaptation and the progress in establishing effective institutional arrangements to manage this finance, making the countries investment ready. Consequently, the report was divided into two main sections, each addressing one of these topics.

The first section, titled "Strategy and Planning to Redouble Adaptation in Africa: A Review", provided a detailed review of the main characteristics of the strategic adaptation plans of the countries (NDCs, National Adaptation Plans, and long-term strategies) assessing their progress and status in creating an enabling environment for investment readiness. This assessment examined the depth and coverage of these strategic adaptation plans and the extent to which they demonstrate a supportive environment (including policies, institutions, and programs) to implement adaptation programs at scale. The report was published in August 2023 ahead of the Africa Climate Summit (ACS).

The second section, titled "State and Trends in Climate Adaptation Finance 2023", was developed by the Climate Policy Initiative (CPI) with coordination and technical assistance from GCA. This section analyzed the global status and trends of adaptation finance, with a deeper regional analysis of Africa, given the continent's heightened adaptation needs and opportunities. The report provided the latest analysis on the adaptation funding gap, including mapping, tracking, and evaluating institutional adaptation finance commitments and statements, as well as assessing the types and efficacy of financial instruments deployed for adaptation. The initial findings were published for ACS in September 2023, with the final analysis delivered for COP28 in November 2023.

MULTI-STAKEHOLDER PLATFORMS DRIVING ADAPTATION ACTION

In 2023, GCA mobilized leaders and partners through high-profile, action-driven events focused on adaptation at key climate summits.

At the **Africa Climate Summit**, GCA convened African Heads of State, ministers from development partners, and leaders from global and regional institutions for a high-level **Leaders' Dialogue**. Seven African countries formally launched their Country Compacts with financing and development partners, including private sector representatives. New research from GCA revealed that Africa stands to lose up to $6 trillion in economic benefits by 2035 without sustained scaling of adaptation finance on the continent. A high-level communique was published in which African leaders confirmed adaptation as a priority for the continent.

At **COP28**, global leaders gathered for the **Adaptation Finance Summit for Africa**, a leadership platform to take stock of progress, actualize the outcomes of the Africa Climate Summit and solidify further commitments to the AAAP. African Heads of State, the President of the African Union, Bill Gates, ministers from development partners, and leaders of global and regional institutions delivered statements advocating for climate adaptation. As the international community negotiated the text of the Global Stocktake and Global Goal on Adaptation, the event underscored the critical need for climate adaptation finance for Africa and called for further capitalization of the AAAP.

At both the African Climate Summit and COP28, GCA co-convened **'Friends of Adaptation' dinners with leaders** to discuss the challenges and opportunities of unlocking greater investment in adaptation. These dinners, co-convened with Senegal's President Macky Sall and Denmark's Minister for Development Cooperation and Global Climate Policy Dan Jørgensen, brought together leaders, heads of IFIs, and high-level representatives from the private sector and civil society. They provided informal platforms for discussions on how to meet international commitments, particularly the goal of doubling adaptation finance to developing countries by 2025.

GCA also engaged with stakeholders at senior and technical levels in 2023. On the margins of the Africa Climate Summit, GCA and the African Development Bank Group convened AAAP implementing partners, commercial banks, young people, academia, and other stakeholders at the

AAAP Partnership Forum 2023. The Partnership Forum raised awareness of the AAAP and its achievements, explored opportunities to align with and amplify complementary initiatives, and discussed how partnerships could contribute to the shared challenge of closing the adaptation financing gap for Africa.

At COP28, GCA convened **deep-dive dialogues with the governments of Nigeria and Tanzania** to highlight the opportunities for investment in both countries based on work undertaken in the AAAP and analysis contained in their Country Compacts.

During the **UN 2023 Water Conference**, GCA and the African Development Bank Group co-hosted a high-level event emphasizing water as central to the climate change response, showcasing examples from the AAAP. The session featured high-level representatives from over 13 countries and organizations who committed to scaling up their support for adaptation. Ministers from Senegal, the Democratic Republic of the Congo, Malawi, and Uganda shared their perspectives on the importance of adaptation and called for increased support through the AAAP.

In March 2023, GCA organized a roundtable dialogue in Copenhagen on unlocking private investments in adaptation in collaboration with the Danish Ministry of Foreign Affairs, DanChurchAid, and the Confederation of Danish Industry. Drawing insights from GCA's flagship ***State and Trends in Adaptation*** reports and a report on blended finance for agricultural adaptation in Africa by DanChurchAid, the dialogue presented the business case for climate adaptation investment to Danish investors, private companies, CSOs, think tanks, and other stakeholders engaged in climate-related fields. Denmark's Minister for Development Cooperation and Global Climate Policy, Dan Jørgensen, participated in the dialogue, which focused on addressing the risks, challenges, and opportunities for the Danish private sector to invest in adaptation.

Placing the most vulnerable at the heart of advocacy for adaptation

During the Africa Climate Summit, community leaders from Mukuru, the largest informal settlement in Nairobi, showcased early initiatives from their People's Adaptation Plan to a visiting international delegation. The delegation included 8th Secretary-General of the United Nations and Chair of GCA Ban Ki-moon, GCA CEO Professor Patrick Verkooijen, Denmark's Minister for Development Cooperation and Global Climate Policy Dan Jørgensen, and France's Minister of State for Development, Francophonie and International Partnerships Chrysoula Zacharopoulou.

During the visit, the delegation learned more about the locally-led planning process in Mukuru and visited some of the places where the Nairobi City County Government has implemented elements of the People's Adaptation Plan. As part of the implementation, GCA brokered an agreement between the African Development Bank Group (under the Nairobi Rivers Basin Rehabilitation and Restoration Program) and DanChurchAid to support Black Soldier Fly farming for waste management under the AAAP. Organic waste, which constitutes 70% of Mukuru's waste, will be used to raise Black Soldier Fly larvae, which will then be converted into livestock fodder through a collaboration with a private sector company. This innovative farming technique provides a unique solution to waste and flood management in Mukuru while also addressing the fodder shortage in Kenya due to the ongoing drought. During the visit, Professor Verkooijen announced that, thanks to French and Danish support, GCA will establish ten Black Soldier Fly units in Mukuru.

A day before the Africa Climate Summit, GCA organized a Community Dialogue attended by over 100 community members from Nairobi and representatives from local and visiting communities. A statement released from the dialogue urged visiting world leaders to fulfill their promises to provide climate finance and to make it more accessible. A community representative from Mukuru also presented this message at a high-level dinner co-hosted by GCA during the Summit.

STRENGTHENING CAPACITY FOR POLICY ENGAGEMENT

At the national and sub-national level, GCA's policy engagement builds on the programmatic results and analysis of investments influenced by the AAAP. This includes providing training to integrate advanced adaptation metrics and solutions into National Adaptation Plans, facilitating high-level visits and bilateral engagements, and hosting investment dialogues around products such as the Country Compacts. These insights are also utilized when engaging at regional and international forums, including mandated thematic workshops, finance ministerials, and conferences relevant to adaptation.

To harness the influence of young people and promote inclusive decision-making, GCA's policy engagement empowers youth to advocate for climate adaptation on the global stage and take action to enhance the climate resilience of their communities. In 2023, GCA brought together over 7,500 young people through 20 virtual and in-person convenings for climate adaptation action, with a focus on Africa, the Global Stocktake, and the Global Goal on Adaptation. The views of this global youth adaptation movement are captured in the report ***Youth Engagement with Adaptation through the Global Stocktake***, presented at COP28. The publication outlines the outcomes of five **Regional Youth Adaptation Forums** and five **Regional African Youth Consultations** on climate adaptation that engaged over 6,500 young people. These forums conducted with peers from around the world leveraged the opportunities presented by the Africa Climate Summit and COP28 to inform the Global Stocktake and the Global Goal on Adaptation.

The Youth Adaptation Forums culminated in a high-level **Intergenerational Dialogue** during the Africa Climate Summit. The Dialogue brought together hundreds of young Kenyans with leaders including 8th United Nations Secretary-General Ban Ki-moon, GCA's CEO Professor Patrick Verkooijen, African Development Bank Group President Dr. Akinwumi Adesina, Kenya's Cabinet Secretary for Youth Affairs, Creative Economy, and Sports Hon. Ababu Namwamba, and IMF Deputy Managing Director Bo Li. The Dialogue also saw the launch of GCA's **Toolkit for Youth on Adaptation and Leadership** developed in in partnership with the international NGO CARE and 40 youth organizations from Egypt, Ethiopia, Ghana, Kenya, Malawi, Tanzania, Uganda, and Zimbabwe.

MAKING THE CASE FOR ADAPTATION THROUGH TARGETED PROMOTIONS

GCA also promoted the value of adaptation throughout the year through top-tier media placements and social media engagement. By engaging with leaders and high-profile media outlets, GCA published guest essays at strategic moments to amplify key adaptation messages during international negotiations:

- 10 March 2023, *Newsweek*, "It's Time to Scale African Solutions for the Continent's Food and Climate Crises" by President of Kenya William Ruto, African Development Bank President Akinwumi Adesina, and GCA CEO Patrick Verkooijen
- 8 October 2023, *The New York Times*, "If You Want Our Countries to Address Climate Change, First Pause Our Debts" by William Ruto, Chairperson of the African Union Moussa Faki Mahamat, Akinwumi Adesina, and Patrick Verkooijen
- 17 November 2023, *Newsweek*, "Time is Running out to Help Africa Feed Itself" by President of Senegal Macky Sall, Akinwumi Adesina, and Patrick Verkooijen
- 30 November 2023, *Newsweek*, "Let's Put People Back at the Heart of Climate Action" by Prime Minister of Bangladesh Sheikh Hasina and Patrick Verkooijen

At COP28, GCA shone the spotlight on inspiring adaptation solutions pioneered by young African entrepreneurs and local leaders from across the globe through high-profile awards ceremonies for the **African Youth Adaptation Solutions Challenge (YouthADAPT Challenge)** and the **GCA Local Adaptation Champions Awards**.

GCA will develop new business lines to ensure sustained uptake by farmers of CGIAR resilient technologies and innovations (Photo credit:GCA)

7. FORWARD LOOK

CGIAR – GCA PARTNERSHIP TO SCALE ADAPTATION TECHNOLOGIES AND INNOVATIONS

In response to the demand by MDBs and IFIs, other partners and GCA's intention to remain at the frontier of adaptation solutions and needs. The CGIAR is the forefront of research for development in food systems, helping develop technologies, innovations, and scaling pathways that have the potential of transforming food systems to become climate-resilient and supporting smallholder farmers avoid or reduce the cost of climate change. Enhancing the use of these technologies and innovations is a fundamental and proactive step in reducing food insecurity due to climate risk.

Through a partnership with the CGIAR, GCA will develop new business lines to ensure sustained uptake by farmers of CGIAR resilient technologies and innovations by influencing $4 billion dollars of development investments by IFIs and the private sector by 2025.

UNLOCKING ADAPTATION FINANCE FROM THE DOMESTIC PRIVATE SECTOR

The true north star for adaptation finance is to ensure countries and their domestic financial systems are prepared to redirect, absorb, and effectively utilize funds from institutional and sovereign investors to climate proof economic development. Through the AAAP, GCA has made progress in helping lay the groundwork for this goal by helping 'climate proof' investments financed by the IFIs. However, while governments and the international financial system must play a role in establishing credible and transparent systems and frameworks to manage the flow of these funds, financial intermediaries such as public and commercial banks are also a vital part of the adaptation finance landscape because they are best positioned to ultimately appraise and monitor the ultimate use of funds through individual financial transactions with people and enterprises on the ground.

Within this context, GCA is developing and testing a new business line to support African banks understand and manage climate risk and to develop investment products to tap into and grow the market for adaptation goods and services. GCA's support emphasizes a learning by doing approach that uses transaction level support to embed capacity for banks to scale these interventions going forward.

SMALL ISLAND DEVELOPING STATES

GCA is in the initial stages of developing a global Adaptation Acceleration Program for Small Island Developing States (SIDS). The program will build on GCA's experiences and lessons learned from supporting SIDS in Africa as well as the vulnerable coastal environment of Bangladesh. GCA's experience, expertise and the operating model provides a response at scale while at the same time addressing climate adaptation challenges and opportunities specific to the SIDS context at national and regional level based on research and consultations with government leaders and key stakeholders.

8. ORGANIZATION AND GOVERNANCE

ORGANIZATION

GCA is an international organization with public benefit status (ANBI status). Founded in 2018, GCA has rapidly expanded and evolved since operating as the co-managing partner of the Global Commission on Adaptation under the auspices of the Ministry of Infrastructure and Water Management of the Netherlands. In October 2019, GCA was legally established as a Stichting or Foundation in the Netherlands. Since then, the organization has experienced significant growth, increasing its staff, consultants, secondees, and interns to meet the rising demand for its services. By the end of 2023, GCA employed 88 dedicated professionals.

GCA's global headquarters is located in Rotterdam, Netherlands. Additionally, GCA operates a Research for Impact hub in Groningen and maintains regional offices in Abidjan, Dhaka, and Beijing. In 2024, GCA is expanding its presence by setting up a regional office in Nairobi, Kenya. These regional offices enable GCA to have a far-reaching impact in its mission to accelerate climate adaptation at scale through policy development, research, advocacy, and collaboration with partners on the ground..

GCA has an active Governing Board consisting of an Executive, Supervisory, and Advisory Board. The Governing Board has overall responsibility for determining the mission and strategic direction of the organization. Each Board within the Governing Board has its own tasks and duties which are set out in the laws and statutes governing GCA.

SUPERVISORY BOARD

A supervisory board governs GCA and in 2023 it had the following members:

- Ban Ki-moon, Co-chair
- Feike Sijbesma, Co-chair
- Mayor Francis X. Suarez, member
- Rodger Voorhies, member
- Shemara Wikramanayake, member

EXECUTIVE BOARD AND LEADERSHIP TEAM

GCA's Executive Board comprises three distinguished members: the Chair and CEO of GCA, Prof. Dr. Verkooijen; former Prime Minister of the Netherlands, Jan Peter Balkenende; and former Finance & Foreign Minister of Mexico, José Antonio Meade. Dr. Meade joined the GCA Executive Board on 18th December 2023, succeeding Peter den Oudsten, the former Mayor of Groningen, who dedicatedly served on the Board from 28th September 2021.

The Leadership Team (LT) is comprised of the managers of the directorates: Programs, Development, Finance and Operations, and External Affairs, is responsible for GCA's day-to-day management and business operations. The LT members report directly to the CEO, who chairs the LT and ensures cohesive and effective leadership within the organization.

The LT plays a pivotal role in guiding GCA, providing both strategic direction and operational oversight. It acts as a bridge between the organization's day-to-day activities and its long-term vision, ensuring alignment with GCA's mission and goals. The LT furnishes the Governing Board with essential information regarding GCA's strategy and budget to facilitate informed decision-making at the highest level.

INTERNAL AUDIT FUNCTION

The Internal Audit and Compliance function is crucial for GCA's operational integrity and regulatory adherence. It independently evaluates and contributes to the improvement of governance, risk management, and control processes, and reports thereon. The Internal Audit and Compliance office is also responsible for assessing and investigating allegations of fraud, corruption, and other integrity violations.

During the reporting period, the internal audit and compliance office conducted 17 planned audits, including 13 audits of GCA implementing partners.

INTERNAL CONTROL SYSTEM

GCA continues to strengthen its internal control framework comprising of policies and procedures designed to protect its resources and ensure operational integrity. These measures play a vital role in the deterrence, prevention, and detection of fraud, misconduct, corruption, waste, and abuse at all levels of the organization. The framework clarifies accountability, roles, and responsibilities, and promotes efficiency and value for money. The objective of GCA's control framework is to nurture a culture of ethics, integrity, transparency, and accountability.

To maintain a strong control environment, GCA periodically reviews and updates its policies and procedures. In support of a culture of integrity and compliance, all staff and consultants go through mandatory training sessions and awareness programs on policy content, the code of conduct, and reporting procedures to ensure comprehensive understanding and adherence across the organization. GCA has established a reporting mechanism on its website, including dedicated email channels for reporting integrity violations and other misconduct in order to identify and address any integrity violations.

9. MANAGING RISKS

RISK MANAGEMENT

Like every organization, GCA recognizes the array of external and internal risks that may impact its global operations, economic performance, mission objectives, and professional reputation. In response, GCA has instituted robust processes aimed at identifying, evaluating, and managing these risks to mitigate their potential negative impact. Through effective risk management practices, GCA safeguards its ability to execute strategic goals in diverse and dynamic environments. Furthermore, the internal audit function helps the organization accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of governance, risk management, and control processes. These initiatives collectively fortify GCA's resilience in navigating complex global landscapes, ensuring sustained progress towards organizational objectives.

GCA maintains a comprehensive corporate risk register to systematically document, assess, and monitor potential risks affecting its operations and strategic objectives. The nature of the risks that we face when working to meet our strategic objectives have not changed substantially. The following summarizes the principal risks and ongoing risk mitigating measures for the organization.

FRAUD, BRIBERY, AND CORRUPTION RISKS

In acknowledgment of its heightened exposure to fraud and corruption risks within its operating environment, GCA adopts a zero-tolerance stance towards fraudulent activities, including theft, bribery, money-laundering, and aid diversion. Committed to proactive risk mitigation, GCA has implemented preventive and detective measures, emphasizing continuous awareness campaigns, rigorous follow-up protocols, and the enhancement of internal controls. GCA has in place a robust internal control framework consisting of policies and procedures, including those governing the Code of Conduct, whistleblowing procedures, and reporting mechanisms, further fortifying its resilience against fraudulent activities. No integrity violations were reported during the reporting period. Internal audits have been conducted to ensure that any weaknesses are promptly addressed, maintaining the strength and effectiveness of the control environment.

FUNDING AND FINANCIAL RISKS

In the wake of global crises such as the conflict in Ukraine, GCA faces the risk of reduced budgets from its primary funding partners, which threatens its ability to mobilize essential program funding. To tackle this challenge, GCA diversifies its funding sources through continuous engagement with funding partners and high-level advocacy efforts to ensure that adaptation remains a priority on the global agenda. Additionally, GCA prioritizes accountability to its funders by rigorously monitoring grants and enforcing stringent financial controls to mitigate risks. Crucially, GCA has established a continuity reserve to buffer against financial uncertainties, ensuring uninterrupted progress in its vital activities. Through proactive measures, GCA reaffirms its unwavering commitment to advancing its mission and addressing environmental challenges worldwide.

STRATEGIC AND REPUTATIONAL RISKS

GCA's strategic plan sets out an ambitious roadmap crucial for achieving its objectives. It is essential to recognize that strategic risk encompasses a variety of variables and external factors, making it impossible to anticipate, identify, and prevent all risks proactively. Therefore, maintaining flexibility and agility across all levels of strategy is imperative for success. GCA employs robust internal systems to make informed strategic decisions and meticulously controls its external positions on contentious issues. Upholding a strong and positive reputation is paramount for GCA, facilitating trust-building with stakeholders, influencing policy, and fundraising efforts. Adhering to stringent transparency criteria and meticulous partnership procedures minimizes the risk of reputational harm. As GCA acts as a solutions broker, collaborating with diverse implementing partners globally entails inherent risks. Given the urgency of the climate crisis, GCA sets a medium risk appetite level, conducting thorough due diligence and closely monitoring partner activities to mitigate risks effectively. Ensuring technical capacity and sufficient resources for both program staff and partners are central to GCA's commitment to successful program delivery.

HUMAN RESOURCES RISKS

GCA's personnel are critical to the delivery of quality programs and the achievement of GCA's vision. Not being able to attract and retain high quality, high performing, and committed team members negatively impacts the organization's ability to implement its mission, and to efficiently and effectively deliver projects. To attract and retain key talent, GCA HR promotes evaluation, adaptation, and professional development of its core resources. GCA has a low-risk appetite for noncompliance with its HR policies and procedures. Flexible workforce options enable timely responses to changing realities and demands. Regular compensation and benefits benchmarks ensure market competitiveness. A centralized induction program is in place for all new team members to learn about GCA, develop key skills, and connect with team members from across the world. A catalogue of trainings is available to GCA team members for personal and professional development.

SAFEGUARDING RISKS

GCA maintains a strict zero-tolerance policy towards all forms of sexual exploitation, abuse, and harassment (SEAH) within its workforce, including employees, volunteers, consultants, and partners. GCA is committed to providing a safe and respectful environment for all individuals associated with the organization. This commitment extends to supporting survivors, enhancing safeguarding capacity, and promptly addressing incidents of misconduct. Every member of the GCA team is expected to uphold the Code of Conduct, is an integral part of their employment contract. Moreover, GCA has implemented comprehensive policies, procedures, and mandatory training to foster workplace inclusion, eliminate discrimination and harassment, and safeguard against sexual exploitation and abuse. The dedicated Compliance Officer serves as a focal point for safeguarding concerns, providing guidance and support on prevention and response measures. Additionally, GCA has appointed focal points in its headquarters and regional offices to address safeguarding concerns, including a Confidential Advisor to facilitate reporting on SEAH incidents. To facilitate prompt reporting and resolution of misconduct, GCA has established accessible reporting mechanisms, including dedicated email channels and a WhatsApp number available on its website. GCA urges everyone to promptly report any suspected misconduct, thus maintaining a safe and supportive environment for all. No SEAH incidents were reported during the reporting period.

ENVIRONMENTAL AND SOCIAL RISKS

GCA is committed to sound environmental and social stewardship that ensures sustainability and inclusivity in the activities it supports. We rely on well-established international environmental and social standards and procedures of partners such as international financial institutions, regional or national institutions to identify and manage environmental and social risks. GCA has an Environmental and Social policy in place to ensure that GCA funded activities will not cause negative environment and social impacts.

10. FINANCIAL OVERVIEW

INCOME

In 2023, GCA's total recognized income decreased by 23%, from €27.9 million to €21.4 million. This reduction was primarily due to the conclusion of grants from the governments of Norway, Sweden, and the Netherlands. Consequently, income from grants decreased to €20.3 million, compared to €26.5 million in 2022.

During the year, GCA secured new multi-year grants from the governments of the United Kingdom, the Netherlands, and Norway to support GCA's AAAP program, joining existing funding partners such as Denmark and France. Additionally, the government of Canada provided a grant to further support the Bangladesh program.

In 2023, GCA recognized income from the following funding partners:

- France Ministry of Foreign Affairs
- UK Foreign, Commonwealth & Development Office (FCDO)
- Norwegian Agency for Development Cooperation
- Netherlands Ministry for Foreign Affairs
- Netherlands Ministry of Infrastructure and Water Management
- Denmark Ministry of Foreign Affairs
- Global Affairs Canada (GAC)
- Bill & Melinda Gates Foundation
- Deutsche Gesellschaft fur Internationale Zusammenarbeit (GIZ)
- International Centre for Future Generations (ICFG)
- European Research Executive Agency
- CVF/V20 Multi Donor Fund
- United Nations Environment Programme (UNEP)

GCA also considers Gifts in Kind as income. The income from gifts saw a slight decrease from €0.8 million in 2022 to €0.5 million in 2023, due to the conclusion of the secondment agreement with the African Development Bank.

In 2023 GCA received Gifts in Kind from the following partners:

- African Development Bank
- Municipality of Rotterdam
- Municipality of Groningen

GCA is grateful for the support of its funding partners in fulfilling its mission and achieving its objectives. We maintain strong partnerships with them and engage in substantive dialogues to broaden and deepen these relationships based on shared strategic visions and goals.

EXPENDITURE

In 2023, GCA's expenditures totaled €20.8 million, representing a 20% decrease from the previous year's €26.6 million. This reduction is primarily attributed to the conclusion of grants supporting the AAAP program and delays in the signing of new grants. Consequently, there was a slight slowdown in implementation compared to the previous year.

Of the recognized expenses in 2023, 22% relate to partner implementation and commitments, 33% to personnel and human resources, 29% was spent on analytics, advisory and assistance and the remaining 17% on Office running, ICT, communication costs and Travel.

FINANCIAL POSITION

In 2023, the balance of income and expenditure yielded a surplus of €0.6 million. This positive result has been added to our reserves. Our objective is to remain financially healthy in the long term and build up our reserves to cushion any potential financial impacts of risks. GCA's total reserves as of the balance sheet date amount to €5.0 million, of which €0.5 million relates to earmarked reserves for absence and end-of-service benefits for GCA staff.

The total cash position at year-end was €19.6 million, an increase of €6.2 million compared to 2022. This increase is attributable to prepayments made on several new grants signed during the year.

OUTLOOK

After another record-breaking year in the climate emergency, we are constantly reminded of the urgency to adapt our world, especially for vulnerable populations. Despite ongoing global crises, GCA and its funding partners remain committed to our objectives. In 2024, the Bill and Melinda Gates Foundation renewed its commitment to GCA, complementing multiyear funds from the governments of Canada, the Netherlands, Norway, Denmark, France, and the United Kingdom. These resources will continue to drive adaptation and climate resilience in Africa and globally, increasing GCA's 2024 budget to €34 million.

In 2024, GCA aims to enhance adaptation and resilience in up to 53 large-scale investments worth US$6.9 billion across at least 18 African countries. Our core priorities include expanding collaborations with key IFIs/MDBs, scaling the IMF's Resilience and Sustainability Trust to an additional 10 countries, and leveraging the domestic private sector for adaptation finance. We will also continue implementing locally led approaches for investments in food security and resilient infrastructure.

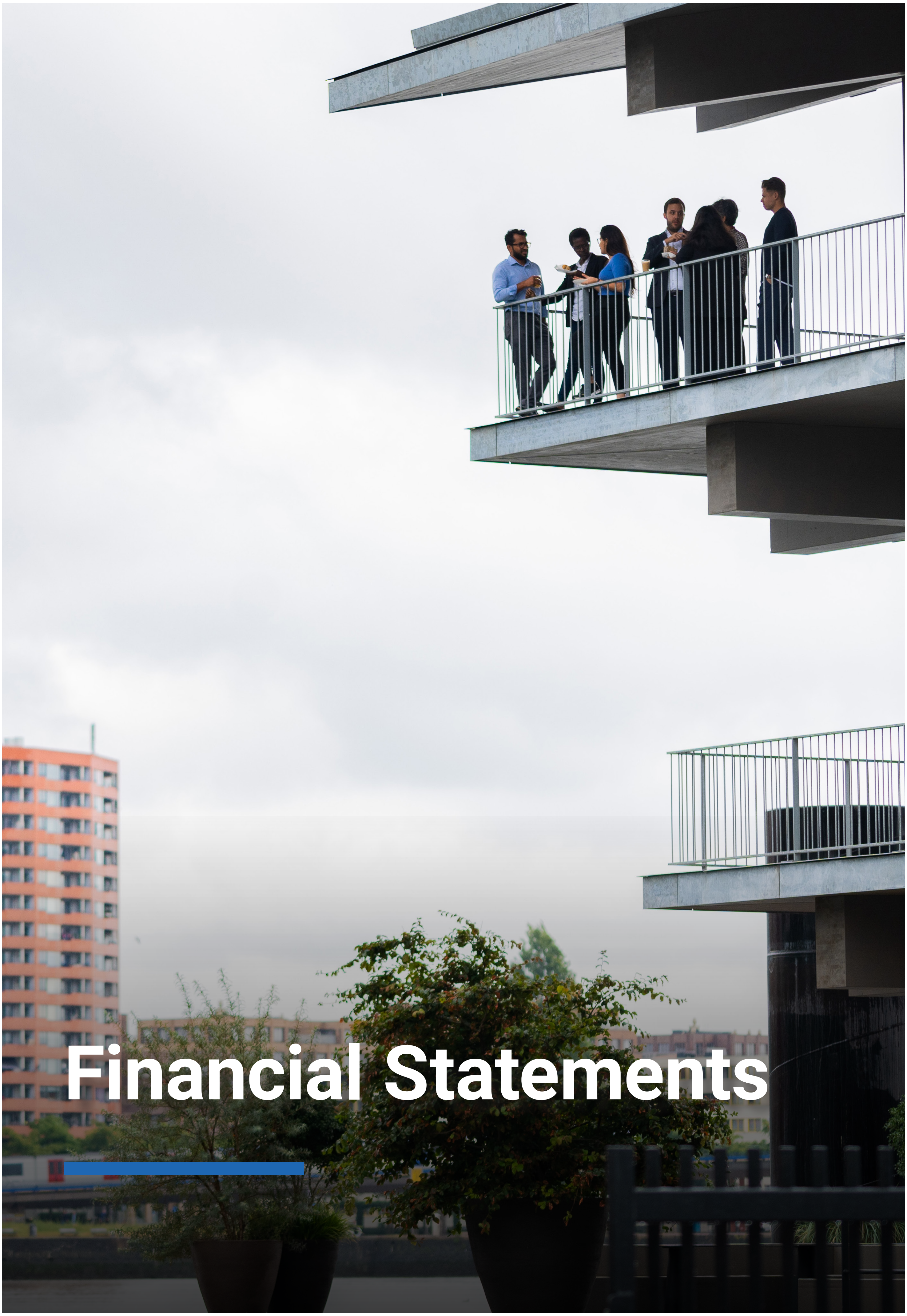
GCA will support the 2024 State and Trends in Adaptation report, the Adaptation Business Platform in partnership with the World Economic Forum, and the expansion of the Adaptation Changemakers Program. Building on the momentum of the AAAP and responding to the demand from heads of state and governments, GCA aims to launch the SIDS Adaptation Acceleration Program (SAAP) in 2024. The SAAP will mobilize financing for adaptation, mainstream adaptation in development programs, replicate practical solutions from individual SIDS, and strengthen institutions and policies for adaptation.

GCA's regional engagement in Africa will also be strengthened in 2024 with the establishment of a regional office in Nairobi, Kenya, and the expansion of teams in our regional offices in Abidjan and Dhaka. This will position our teams closer to those on the frontlines, enhancing our responsiveness to their needs.

BUDGET 2024

In Euros

INCOME	
Income from grants	34,194,272
Income from gifts in kind	543,446
Sum of income	**34,737,718**
EXPENSES	
Personnel and human resources	10,777,012
Depreciation	113,750
Sub-grants to partners	6,339,797
Financial losses	63,700
Other costs	16,649,268
Sum of expenses	**33,943,528**
RESULT (Surplus/Deficit))	**794,190**



Financial Statements

FINANCIAL STATEMENTS

BALANCE SHEET AFTER APPROPRIATION OF THE RESULT

in Euros after the attribution of the sum of income and expenses

ASSETS	Note:	31/12/2023		31/12/2022	
Intangible fixed assets		4,195		56,616	
Tangible fixed assets		132,162		212,057	
Fixed assets	(1)		**136,356**		**268,672**
Taxes receivable		-		-	
Prepayments creditors		153,772		150,935	
Receivables donors		2,021,670		3,948,998	
Prepayments partners		4,743		22,865	
Receivables	(2)		**2,180,185**		**4,122,799**
Cash and cash equivalents	(3)		**19,631,258**		**13,462,940**
TOTAL ASSETS			**21,947,800**		**17,854,411**

LIABILITIES		31/12/2023		31/12/2022	
Continuity reserve		4,507,956		4,062,451	
Earmarked reserve		507,894		314,646	
Reserves			**5,015,850**		**4,377,097**
Earmarked funds			-		-
Reserves and funds	(4)		**5,015,850**		**4,377,097**
Payable to creditors		769,047		2,029,703	
Payable taxes		379,137		160,672	
Grants received in advance		8,207,120		4,844,308	
Accrued partner expenses		6,947,814		6,010,861	
Other liabilities		628,831		431,769	
Short-term liabilities	(5)		**16,931,949**		**13,477,313**
TOTAL LIABILITIES			**21,947,800**		**17,854,411**

STATEMENT OF INCOME AND EXPENSES

in Euros

INCOME	Note:	2023	2022
Income from grants	(8)	20,323,899	26,583,003
Income from gifts in kind	(9)	543,446	779,706
Sum of income		**20,867,345**	**27,362,710**
EXPENSES			
Personnel and human resources	(11)	6,830,213	5,732,244
Depreciation		165,620	151,703
Sub-grants to partners		4,503,909	10,517,074
Other expenses	(13)	8,669,523	9,109,695
Sum of expenses		**20,169,266**	**25,510,716**
Balance of income and expenses		**698,080**	**1,851,993**
FINANCIAL GAINS AND LOSSES			
Financial gains	(10)	474,640	404,900
Financial losses	(12)	533,966	456,764
Sum of financial gains and (losses)		**(59,326)**	**(51.864)**
RESULT (SURPLUS / (DEFICIT))		**638,753**	**1,800,129**

ATTRIBUTION OF THE RESULT

Addition to (withdrawal from)	2023	2022
Continuity reserve	445,505	1,659,597
Earmarked reserve	193,248	140,532
Total change in reserves and funds	**638,753**	**1,800,129**

CASH FLOW STATEMENT

in Euros

		2023		2022
Sum of income and expenses		**638,753**		**1,800,129**
Adjustments for:				
Depreciation	165,620		151,703	
Interest	(81,446)		33,586	
Realised exchange rate losses (gains)	39,901		22,423	
Changes in receivables	1,942,614		(2,473,326)	
Changes in short term liabilities	3,454,636		(3,702,875)	
Cash flow from operations		**5,521,324**		**(5,968,489)**
Interest		81,446		(33,586)
Cash flow from operating activities		**6,241,523**		**(4,201,946)**
Investments in intangible fixed assets	-		-	
Investments in tangible fixed assets	(33,304)		(102,329)	
Divestments of tangible fixed assets	-		-	
Cash flow from investing activities		**(33,304)**		**(102,329)**
Net cash flow		**6,208,219**		**(4,304,275)**
Exchange rate gains / (losses) on cash and cash equivalents		(39,901)		(22,423)
Net increase / (decrease) in cash and cash equivalents		**6,168,319**		**(4,326,698)**
Cash and cash equivalents at the end of the financial year		13,462,940		17,789,638
Cash and cash equivalents at the beginning of the financial year		19,631,258		13,462,940
Net movement in cash and cash equivalents		**6,168,319**		**4,326,698**

NOTES TO THE FINANCIAL STATEMENTS

General

Stichting The Global Center on Adaptation (GCA) is registered as a foundation with number 76050475 at the Chamber of Commerce in The Hague, the Netherlands and is recognized as an organisation for public benefit (ANBI, "Algemeen Nut Beogende Instelling") by the Dutch tax authorities.

GCA's mission is to act as a solutions broker to accelerate, innovate and scale adaptation action for a climate-resilient world.

GCA's vision is that adaptation to our changing climate secures progress towards sustainable development, safeguarding people, the planet and our shared prosperity.

Reporting period, currency and comparison with previous year

The financial statements have been prepared for the period commencing January 1st 2023 to December 31st 2023. The financial statements are presented in Euro, which is the functional currency of GCA.

The financial statements of the previous year have been prepared for the period January 1st 2022 to December 31st 2022. The valuation principles and method of determining the result are the same as those used in the previous year, with the exception of the changes in accounting policies as set out in the relevant notes.

Applied Standards

The financial statements are prepared in accordance with the Guideline RJ640 which applies to Dutch non-profit organisations.

In deviance to the RJ640, the annual budget is not included in the financial statements, because GCA does not use this as a steering tool. GCA programs are scalable depending on availability of funding, which is not linked to financial years. Consequently, GCA uses committed multiyear funding budgets for steering, rather than annual estimates that provide little added value for the financial statements.

GCA allocates costs to funding sources that are provided to it for programs receiving the benefit of goods and services purchased. Allocation of costs is based on agreed work programs, budgets and other conditions agreed in award contracts with funding partners.

Use of Estimates

The preparation of the financial statements in conformity with the relevant rules requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. If necessary and relevant, the nature of these estimates and judgements, including the related assumptions, is disclosed in the notes to the financial statement item. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively. The amount of provisions is for GCA's financial position the most relevant item which requires estimates.

Going concern

The financial statements are prepared on the basis of the going concern assumption.

Error Corrections

In the financial statements of GCA, sub-grants to partners are presented under "Prepayments to Partners" (receivables) and "Obligations to Partners" (liabilities).

Prepayments to Partners represent the amounts paid from the commitments with the partners, while Obligations to Partners reflect the amounts still to be spent by the partners. According to the Dutch Accounting Standard 115.3 "Verrekenen en Salderen" regarding netting and offsetting, it is not permitted to present these items separately in the financial statements. Transactions involving the same partners/contracts must be offset to provide a clear view of the liability as at the balance sheet date.

Therefore, GCA has offset the closing positions of Prepayments to Partners and Obligations to Partners. This adjustment has resulted in the 2022 comparative figures being revised, reducing Prepayments to Partners by €3.6 million and Obligations to Partners by €3.6 million. These adjustments have no impact on equity and results.

ACCOUNTING PRINCIPLES

Balance Sheet

Unless stated otherwise, assets and liabilities are shown at historical costs.

An asset is recognized in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. A liability is recognized in the balance sheet when it is expected to result in an outflow from the entity of resources embodying economic benefits and the amount of the obligation can be measured with sufficient reliability.

Income is recognized in the statement of income and expenses when an increase in future economic potential related to an increase in an asset or a decrease of a liability has arisen, the size of which can be measured reliably. Expenses are recognized when a decrease in the economic potential related to a decrease in an asset or an increase of a liability has arisen, the size of which can be measured with sufficient reliability.

An asset or liability that is recognized in the balance sheet, remains recognized on the balance sheet if a transaction (with respect to the asset or liability) does not lead to a major change in the economic reality with respect to the asset or liability. Such transactions will not result in the recognition of results. When assessing whether there is a significant change in the economic circumstances, the economic benefits and risks that are likely to occur in practice are taken into account. The benefits and risks that are not reasonably expected to occur, are not taken into account in this assessment.

An asset or liability is no longer recognized in the balance sheet, and thus derecognized, when a transaction results in all or substantially all rights to economic benefits and all or substantially all of the risks related to the asset or liability are transferred to a third party. In such cases, the results of the transaction are directly recognized in the statement of income and expenses, taking into account any provisions related to the transaction.

Income and expenses are allocated to the respective period to which they relate.

Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of one or more events that occurred after the initial recognition of the asset, with negative impact on the estimated future cash flows of that asset, which can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognized in the statement of income and expenses and reflected in an allowance account against loans and receivables or investment securities held to maturity. Interest on the impaired asset continues to be recognized by using the asset's original effective interest rate. When, in a subsequent period, the amount of an impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognized, the decrease in impairment loss is reversed (up to the amount of the original cost.

Intangible fixed assets

Intangible fixed assets are only recognized in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to GCA and the cost of that asset can be measured reliably. Intangible fixed assets are measured at acquisition cost, less accumulated amortisation and impairment losses. The accounting principles for the determination and recognition of impairments are included under the section Impairments of fixed assets.

The following depreciation percentages are applied:

- Websites: 33%

Tangible fixed assets

Tangible fixed assets are measured at cost, less accumulated depreciation and impairment losses. The cost consists of the price of acquisition, plus other costs that are necessary to get the assets to their location and condition for their intended use. Depreciation is recognized as an expense on a straightline basis over the estimated useful lives of each item of the tangible fixed assets, taking into account the residual value of each asset. Depreciation starts as soon as the asset is available for its intended use, and ends at decommissioning or divestment.

The following depreciation percentages are applied:

- Buildings 5%
- Cars, office furniture and fittings 33%
- ICT equipment: 33%

Maintenance expenditures are only capitalised when the maintenance leads to extension of the useful life of the asset.

Impairment of fixed assets

For tangible fixed assets, an assessment is made as of the balance sheet date as to whether there are indications that the asset is subject to impairment. If indications exist that the asset item is subject to impairment, the recoverable amount of the asset is determined. An asset is subject to impairment if its carrying amount exceeds its recoverable amount; the recoverable amount is the higher of an asset's fair value less costs to sell and value in use. An impairment loss is directly expensed in the statement of income and expenses. If it is established that a previously recognized impairment loss no longer applies or has declined, the increased carrying amount of the assets in question is not set any higher than the carrying amount that would have been determined had no asset impairment been recognized.

Disposal of fixed assets

Assets that are taken out of service are stated at the lower of book value or net realisable value.

Receivables

Receivables are carried at amortised cost on the basis of the effective interest method, less impairment losses. The effective interest and impairment losses, if any, are directly recognized in the statement of income and expenses.

Cash and cash equivalents

Cash and cash equivalents include cash-in-hand, bank balances and deposits held at call with maturities of less than 12 months. Cash and cash equivalents are stated at nominal value. If cash and cash equivalents are not readily available, this fact is taken into account in the measurement. GCA does not have any borrowings or loans. GCA does not invest its funds other than in savings accounts and deposits. Cash and cash equivalents denominated in foreign currencies are translated at the balance sheet date in euros at the exchange rate ruling at that date.

Reserves and Funds

The additions to and the withdrawals from the reserves and funds take place from the destination of results.

1. Continuity reserve

The continuity reserve is in place to enable GCA to meet its obligations in the long-term, in case of stagnated income or after an incident with an impact on expenses. The target level is determined by the Supervisory Board.

2. Earmarked reserves

The earmarked reserves are related to absence of staff due to sickness and to end of service benefits. The future expenses related to this might not be eligibly claimed from future grants and due to the fact that GCA has no unearmarked funding, a reserve for such events is deemed necessary. The amount of reserve equals the estimated future amount of sickness and end of service expenses, which is based on general statistical averages and actual historical data. The earmarked reserves are (partly) released against the statement of income and expenses in the financial period of actual absence of staff due to sickness, for the amount related to actual sickness of staff and end of service benefits paid out.

Provisions

A provision is recognized when GCA has a legal or constructive obligation, arising from a past event, the amount can be estimated reliably and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Provisions are stated at the nominal value of the expenses that are expected to be required to settle the liabilities and losses. For further explanation, see the notes to the balance sheet.

Liabilities

Liabilities and other financial commitments are measured after their initial recognition at amortised cost on the basis of the effective interest rate method. The effective interest is directly recorded in the statement of income and expenses. Liabilities related to operational obligations to funding partners and partners are presented under short term liabilities, except those that are due or expected to be due after one year, which are presented under long term liabilities.

INCOME AND EXPENSES

Income recognition

Unrestricted donations are accounted for as income in the earliest reporting period that they were received or committed to.

Grants received with a designated purpose and a pay-back obligation for GCA in case of ineligibility of the related expenses, are accounted for as income in the same reporting period in which the subsidised eligible expenses are recognized. Instalments received related to grants are recognized in the balance sheet as liabilities.

Gifts in kind are recognized as income and expense in the period they are received. Gifts in kind are valued as income and expense at the fair value.

Financial gains / losses
Transactions in foreign currencies are stated in the financial statements at the exchange rate of the functional currency on the transaction date. Currency translation differences arising upon the settlement or conversion of monetary items are recognised in the income statement in the period that they are realised.

Loss recognition
Losses and impairments are accounted for as soon as they are anticipated.

Interest income and expenses
Interest income and expenses are recognized in the statement of income and expenses on an accrual basis, using the effective interest rate method.

Employee benefits
Salaries, wages and social security contributions are taken to the income statement based on the terms of employment, when these are due. Employee benefits are charged to the statement of income and expenses in the period in which the employee services are rendered and, to the extent not already paid, as a liability on the balance sheet. If the amount already paid exceeds the benefits owed, the excess is recognized as a current asset to the extent that there will be a reimbursement by the employees or a reduction in future payments by GCA.

Termination benefits
Termination benefits are employee benefits provided in exchange for the termination of the employment. A termination benefit is recognized as a liability and an expense when GCA is demonstrably and unconditionally committed to make the payment of the benefit. If the termination is part of a restructuring, the costs of the termination benefits are part of the restructuring provision.

Cash flow statement
The cash flow statement has been prepared using the indirect method. The cash items disclosed in the cash flow statement comprise cash at banks and in hand except for deposits with a maturity longer than three months. Cash flows denominated in foreign currencies have been translated at average estimated exchange rates. Exchange differences affecting cash items are shown separately in the cash flow statement. Interest paid and received are included in cash from operating activities. Transactions not resulting in inflow or outflow of cash, including finance leases, are not recognised in the cash flow statement. The value of the related assets are disclosed in the notes to the balance sheet items. Payments of finance lease instalments qualify as repayments of borrowings under cash used in financing activities and as interest paid under cash generated from operating activities.

Subsequent events
Events that provide further information on the actual situation at the balance sheet date and that appear before the financial statements are being prepared, are recognized in the financial statements. Events that provide no information on the actual situation at the balance sheet date are not recognized in the financial statements. When those events are relevant for the economic decisions of users of the financial statements, the nature and the estimated financial effects of the events are disclosed in the financial statements.

NOTES TO THE BALANCE SHEET

1. FIXED ASSETS

Fixed assets are depreciated over their estimated life time. The assets are held for use in our day to day operations.

INTANGIBLE FIXED ASSETS

	Intangible fixed assets
Acquisition value	158,514
-/- Cumulative Depreciation	(101,898)
Book value 1-1-2023	**56,616**
Acquisition value investments	-
-/- Acquisition value disposals	-
-/- Depreciation	(52,421)
Depreciation on disposals	-
Movements during the year	**(52,421)**
Acquisition value	158,514
-/- Cumulative Depreciation	(154,319)
Book value 31-12-2023	**4,195**

Intangible fixed assets relate to the development of GCA's websites.

TANGIBLE FIXED ASSETS

	Furniture	ICT Equipment	Tangible fixed assets
Acquisition value	67,752	287,679	355,431
-/- Cumulative Depreciation	(20,882)	(122,493)	(143,375)
Book value 1-1-2023	**46,871**	**165,186**	**212,057**
Acquisition value investments	24,698	8,606	33,304
-/- Acquisition value disposals	-	-	-
-/- Depreciation	(26,272)	(86,927)	(113,199)
Depreciation on disposals	-	-	-
Movements during the year	**(1,573)**	**(78,322)**	**(79,895)**
Acquisition value	92,451	296,285	388,735
-/- Cumulative Depreciation	(47,153)	(209,420)	(256,574)
Book value 31-12-2023	**45,297**	**86,864**	**132,162**

Tangible fixed assets acquired during the year are mainly ICT equipment and furniture for GCA offices.

2. RECEIVABLES

	31/12/23	31/12/22
Government of United Kingdom	1,832,467	2,752,357
International Center for Future Generations	103,500	-
Government of Canada	82,197	-
United Nations Environment Programme	3,506	-
Government of the Netherlands	-	719,769
African Development Bank	-	476,872
Receivables donors	**2,021,670**	**3,948,998**

The accounts receivable consist of grants to be received, subgrants to implementing partners committed and prepayments to creditors. Receivables from donors relate to projects that have been implemented, for which funds from donors are committed in a grant contract but not yet received as at the balance sheet date. The receivables relate to our programs and activities. Receivables from donors decreased by €1.9 million, from €3.9 million in 2022 to €2.0 million in 2023. This 49% reduction is primarily due to the final payments made by funding partners for activities completed in projects that concluded in 2022.

Prepayments to partners represent instalments paid to implementing partners to support project implementation. The balance of these prepayments for 2022 has been restated from €3.6 million to €0.02 million due to the correction of netting and offsetting with the corresponding accrued partner expenses recognized as a liability in the same period.

	31/12/23	31/12/22
Horn of Africa Regional Environment Centre and Network	4,743	4,743
African Agricultural Technology Foundation	-	15,548
United Nations Office for Project Services	-	2,574
Prepayments to partners	**4,743**	**22,866**

All receivables originate in the previous year and are expected to be received within one year.

3. CASH AND CASH EQUIVALENTS

GCA's cash and cash equivalents balance is €19.6 million, of which €14.0 million is held in Euros and €5.6 million is held in US Dollars. The main contribution to this balance comes from grants paid in advance as specified in the notes to the balance sheet item 'Grants Received in Advance'. The full balance of cash and cash equivalents is held in bank accounts in The Netherlands. The full balance is readily available to GCA.

4. RESERVES AND FUNDS

	01/01/23	Additions	Withdrawals/ Releases	31/12/23
Continuity reserve	4,062,451	445,505	-	4,507,956
Earmarked reserve for absence and end of service	314,646	758,581	-565,333	507,894
Earmarked reserves	**314,646**	**758,581**	**-565,333**	**507,894**
Total reserves	**4,377,097**	**1,204,086**	**-565,333**	**5,015,850**

CONTINUITY RESERVE

The continue reserve is intended to safeguard continuity of the operations of GCA should the organisation experience a temporary shortfall in funding. In 2023, GCA added €0.4 million to its continuity reserve.

EARMARKED RESERVE

The earmarked reserve is related to the estimated future expenses related to absence of staff due to sickness and to future termination benefits to be paid out by GCA. GCA has an obligation, based on Dutch labour law, to compensate employees an amount of benefit (in Dutch "transitievergoeding") when GCA ends their employment contract. GCA also has the obligation to continue to pay the employee's salary during absence due to sickness and annual leave. The estimate for the amount of such future expenses is based on the general statistical average of sickness leave of 4%, an estimate of 50% of employees leaving GCA for whom a termination benefit has to be paid, and on actual historical data. The additions to the earmarked reserve relate to a fixed percentage of gross salaries that is set aside, while the withdrawals from the reserve relate to costs for actual sickness and annual leave during the financial period.

5. SHORT-TERM LIABILITIES

Short-term liabilities consist of grants received in advance, obligations to partners, payables to creditors and other liabilities. All short-term liabilities are due within one year.

Grants received in advance and Payables to partners consists of 91% of the total short-term liabilities and are clarified in more detail below.

GRANTS RECEIVED IN ADVANCE

	31/12/23	31/12/22
Government of the Netherlands	2,809,637	691,900
Government of Denmark	2,685,046	1,386,851
Government of Norway	1,846,312	-
Government of Germany	666,289	458,816
CVF/V20 Multi Donor Fund	123,842	279,301
European Research Executive Agency	75,439	64,646
Government of France	555	-
Bill & Melinda Gates Foundation	-	1,810,859
International Centre for Future Generations	-	103,500
United Nations Environment Programme	-	48,435
Total grants received in advance	**8,207,120**	**4,844,308**

Received funds related to project grants that have not been spent, are accounted for as grants received in advance. In 2023, funds received in advance were €8.2 million, representing a 69% increase from the previous year. This increase is attributable to receipts from new grants secured during the year.

OBLIGATIONS TO PARTNERS

Balance on 01/01/2023	New Commitments	Payments	Releases	Balance on 31/12/2023
6,010,862	4,503,909	3,566,957	-	6,947,814

For the details of the movement by partners, see the table below.

	31/12/23	31/12/22
Bangladesh Rural Advancement Committee (BRAC)	1,078,460	1,089,643
African Technology Innovation Hubs Initiatives	938,640	578,584
Universite of Cheikh Anta Diop de Dakar	575,250	575,250
University of Nairobi	545,478	780,000
Aroha	352,432	77,383
University of Oxford	334,214	338,789
Bangladesh Rural Advancement University (BRAC)	321,207	325,269
WaterAid	292,137	-
International Institute for Environment and Development (IIED)	273,596	-
Institute of Water and Flood Management (IWFM) of Bangladesh University	265,974	268.043
Innovation, environnement, développement en Afrique (IED Afrique)	250,254	-
United Cities and Local Governments of Africa	217,500	267,500
Centro Internacional de Mejoramiento de Maíz y Trigo (CIMMYT)	210,000	210,000
Centre de Suivi Ecologique	204,199	-
International Union for Conservation of Nature and Natural Resources (IUCN)	200,123	201,207
Adaptation of African Agriculture Initiative Foundation (AAAI)	161,999	-
Akiba Mashinani Trust	159,935	107,346
International Centre for Tropical Agriculture	113,750	199,149
BBC Media Action	110,855	-
Young Men’s Christian Association of Liberia (YMCA Liberia)	105,307	191,467
Indaba Agriculture Policy Research Institute	60,000	180,000
Slum Dwellers International (SDI)	47,913	-
Bangladesh Agricultural University	30,543	30,543
International Livestock Research Institute	29,993	89,979
South South North	26,880	-
International Water Management Institute	18,975	-
Ban Ki-moon Centre for Global Citizens	10,000	8,331
Wangari Maathai Foundation	4,000	-
Independent University of Bangladesh	4,300	29,500
Green Africa Youth Organization	3,900	-
Akademiya2063	-	245,203
KCIC	-	84,661
CARE International	-	57,972
Actions pour l’Environnement et le Développement Durable (ACED) in Benin	-	57,335
Thompson Reuters Foundation	-	15,827
Forum for Agriculture Research in Africa	-	1,881
Accrued partner expenses	**6,947,814**	**6,010,862**

Partners that have not yet received the full amount of their subgrant agreements from GCA are accounted for as Obligations to Partners. This represents the unpaid portion of the subgrant. The balance of this obligation for 2022 has been restated from €9.6 million to €6.0 million due to the correction of netting and offsetting with the corresponding prepayments recognized as receivables in the same period.

6. FINANCIAL RISKS AND FINANCIAL INSTRUMENTS

During its normal operations, GCA is exposed to currency, interest, cash flow, credit and liquidity risks. To control these risks, GCA has instituted policies and procedures that are intended to limit the risks of unpredictable adverse developments in the financial markets and thus for the ability of GCA to fulfil its objectives.

GCA does not apply nor trade in financial derivatives, such as interest rate swaps, forward exchange contracts or options to control its risks. Its main risk mitigation measures are described below.

Credit risk- banks

Credit risk arises principally from GCA's substantial cash position. It holds large bank balances and the main risk is that of a bank defaulting. In 2023, its bank balance of €19.6 million was with ABN AMRO and ING. GCA may further mitigate this risk by spreading its available funds over several high rated banks.

Credit risk-receivables

Credit risk also arises from GCA's receivables totaling €2.2 million. 93% of this amount is expected from donors unlikely to default including governments of the United Kingdom and Canada. €1.8 million is to be received from governments of the United Kingdom and €0.1 million from International Center for Future Generations. Prepayments to partners are made following a rigorous due diligence process and continuous monitoring to ensure full implementation of activities and mitigate financial risk. The largest prepayments have been made to the African Development Bank, African Technology Innovation Hubs Initiatives, the University of Nairobi, and Bangladesh Rural Advancement. The credit risk on receivables in 2023 is therefore limited but GCA continues to monitor its exposure to single parties with a risk of defaulting.

Foreign exchange rate risk

GCA is exposed to currency risk on project obligations that are denominated in a currency other than the contractual currency of the grant contract that relates to such a project. The currencies in which these project transactions primarily are denominated are Euro. The currencies in which GCA's donor grant contracts are denominated are Euro, Norwegian Kronar, British Pound and United States Dollar. GCA's policy is to denominate its contractual obligations as much as possible in the same currency as the donor's currency and to hold bank balances in the currency in which it has large obligations. GCA currently does not hedge its exposure with derivative instruments.

Fair value

The fair value of the financial instruments stated on the balance sheet, including receivables, cash and cash equivalents and current liabilities, is approximately equal to their carrying amount.

7. OFF-BALANCE SHEET OBLIGATIONS AND RIGHTS

GCA does not have off-balance sheet obligations, because it did not enter into contracts such as rental or lease agreements without an opt-out condition. Grant agreements signed but not received are considered off-balance sheet rights and those amount to €54.0 million off-balance sheet rights.

NOTES TO THE INCOME AND EXPENSES

8. INCOME FROM GRANTS AND DONATIONS

Income from grants and donations in 2023 mainly came from earmarked grants from governments, totaling €20.3 million, which represents a 24% decrease from the previous year's income of €26.6 million. This decrease is mainly due to the conclusion of several grants in 2022. However, GCA secured additional multi-year grants during 2023, allowing for a scale-up of activities in the latter half of the year.

During the year, GCA welcomed a new multi-year grant from the Government of Canada, complementing the grant from the United Kingdom's Foreign, Commonwealth & Development Office to support the Bangladesh work program.

GCA's Africa Adaptation Acceleration Program (AAAP) received continued funding from the governments of Denmark and France Norway, and Germany. In addition, the AAAP welcomed new funding partners, including the United Kingdom's Foreign, Commonwealth & Development Office (FCDO) and the Netherlands Ministry of Foreign Affairs.

The Netherlands Ministry of Infrastructure and Water Management extended its support for GCA by funding a project on the International Panel on Deltas and Coastal Areas. Furthermore, the CVF/V20 multi-donor fund continued to support the Climate Vulnerable Forum and the V20 managed by the United Nations Office for Project Services (UNOPS). The Bill & Melinda Gates Foundation also extended its support to GCA, contributing to covering GCA's core costs.

All grants have an incidental nature with specific end dates, although part of the 2023 income is related to multi-year donor commitments.

	2023	2022
Government of France	4,999,445	50,000
Government of United Kingdom	4,548,217	5,318,607
Government of the Netherlands	2,632,263	3,323,483
Government of Norway	2,596,444	8,837,058
Bill & Melinda Gates Foundation	2,063,609	1,751,520
Government of Denmark	1,253,794	-
CVF/V20 Multi Donor Fund	939,008	2,045,076
Government of Germany	777,231	357,459
Government of Canada	250,642	-
International Centre for Future Generations	207,000	-
United Nations Environment Programme	50,037	15,615
European Research Executive Agency	6,210	14,039
Government of Sweden	-	3,808,054
Gordon and Betty Moore Foundation	-	585,222
African Development Bank	-	476,872
Total income from grants	**20,323,899**	**26,583,003**

9. INCOME FROM GIFTS IN KIND

Income from gifts in kind relates to goods and services provided to GCA for free. In 2023, the total income from such gifts was €0.5 million, which is €0.2 million lower than the €0.7 million received in 2022. This reduction is primarily due to the conclusion of a staff secondment agreement in 2022.

Most gifts have an incidental nature, although GCA's office space in Rotterdam is until 2032 by the municipality of Rotterdam and GCA's office space in Groningen is committed by the municipality of Groningen. The income from the Africa Development Bank relates office space in Ivory Coast provided to GCA at no cost.

Through shared commitments with our partners, these gifts in kind contribute significantly to advancing our mission of creating a more climate-resilient world.

	2023	2022
Municipality of Rotterdam	423,446	403,310
African Development Bank	50,000	305,000
Municipality of Groningen	70,000	71,396
Total income from gifts in kind	**543,446**	**779,706**

10. FINANCIAL GAINS

GCA recognized financial gains of €0.6 million in 2023, a 11% increase compared to the previous year. The attribution is presented in the below table. Revaluation gains are unrealized gains resulting from differences in foreign exchange rates at the time when assets and liabilities were originally recognized and rates at the balance sheet date.

	2023	2022
Interest received	81,446	-
Foreign exchange rate gains	47,820	29,846
Revaluation gains	345,374	375,054
Financial gains	**474,640**	**404,900**

11. EXPENSES ON PERSONNEL AND HUMAN RESOURCES

GCA's total expenses on Personnel and Human Resources in 2023 amounted to €6.8 million, representing a 19% increase from the previous year's total of €5.7 million. This increase is primarily due to the planned growth in staff and contractors. GCA's staff grew from 42 full-time equivalent employees (FTE) in 2022 to 61 FTE in 2023.

As a result, GCA's salary-related expenses increased by 42%, from €3.8 million in 2022 to €5.4 million in 2023. Conversely, other human resources expenses fell by 25% compared to the previous year, decreasing from €1.9 million in 2022 to €1.4 million in 2023. This reduction is mainly due to a decrease in the number of contractors, who have been replaced by employees.

GCA continues to rely on contractors who possess exceptional expertise vital to our mission, especially in regions where GCA does not have an office.

	2023	2022
Gross salaries	4,182,382	3,027,162
Holiday allowance	335,784	223,682
Pension allowance	330,833	222,097
Social security charges	533,005	319,996
Subtotal wages, pensions and social security	**5,382,005**	**3,792,936**
Contractors and day workers	1,149,483	1,564,658
Interns, youth leaders and fellows	26,841	22,599
Addition to provision for leave	48,769	119,336
Relocation	65,269	78,509
Commuting	104,934	50,817
Recruitment	54,999	37,771
Other	(2,087)	65,617
Subtotal other human resources expenses	**1,448,208**	**1,939,308**
Total expenses for personnel and human resources	**6,830,213**	**5,732,244**

12. FINANCIAL LOSSES

GCA realised a financial loss of €0.6 million in 2023, similar to that of the previous year. The attribution is presented in the table below. Interest paid is caused by the negative interest rates that are introduced by banks in the Netherlands. The increase is caused by the increase of GCA's bank balance and by the decrease of the threshold of the bank balances to which the negative interest is applied.

Revaluation gains and losses primarily relate to differences in foreign exchange rates of the US Dollar and the Euro at the time when assets and liabilities originated and at the balance sheet date. The financial losses move in similar direction as the financial gains (refer to note 10), because assets and obligations denominated in foreign currencies offset each other, thus limiting the foreign exchange rate risk.

	2023	2022
Interest paid	-	33,586
Foreign exchange rate losses	7,919	64,167
Revaluation losses	526,047	359,011
Financial losses	**533,966**	**456,764**

13. OTHER EXPENSES

Other expenses relate to costs incurred for advisory services, travel and transportation, communication, office and general administration. Other expenses decreased by 5%, from €9.1 million in 2022 to €8.7 million in 2023.

A significant portion of these expenses, 68%, is attributable to independent consultants and consultancy firms providing research, analysis, and advisory services for GCA's projects. Travel and transport costs accounted for 14% or €1.2 million of the total expenses. Communication costs, including opinion-editorials and reports, represented 6% of the expenses. Housing and facilities and office costs remained steady year on year, comprising 7% and 3% of the other expenses, respectively:

	2023	2022
Analytics, Advisory and Assistance	5,931,186	5,359,423
Travel and transport	1,193,104	1,651,333
Communication	539,756	1,078,804
Housing and facilities	574,137	557,033
Office	251,926	255,872
General	179,414	207,230
Other expenses	**8,669,523**	**9,109,695**

OTHER INFORMATION

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Independent auditor's report

To the supervisory board and executive board of
Stichting The Global Center on Adaptation

Report on the audit of the financial statements 2023 included in the annual report

Our opinion

We have audited the financial statements 2023 of Stichting The Global Center on Adaptation, based in The Hague.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Stichting The Global Center on Adaptation as at 31 December 2023 and of its result for the period ending 31 December 2023 in accordance with Dutch Accounting Standard 'RJ 640 Not-for-profit organisations'.

The financial statements comprise:

1. the balance sheet as at 31 December 2023;
2. the statement of income and expenses for the year ended 31 December 2023; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Stichting The Global Center on Adaptation in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Forvis Mazars N.V. with its registered office in Rotterdam (Trade register Rotterdam nr. 24389296)

Report on the other information included in the annual report

In addition to the financial statements and our auditor’s report thereon, the annual report contains other information that consists of the report of the board and appendices.

Based on the following procedures performed, we conclude that the other information is consistent with the financial statements and does not contain material misstatements.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The executive board is responsible for the preparation of the board report in accordance with Dutch Standard RJ 640 Not-for-profit organisations.

Description of responsibilities regarding the financial statements

Responsibilities of the executive board and the supervisory board for the financial statements

The executive board is responsible for the preparation and fair presentation of the financial statements in accordance with Dutch Standard RJ 640 Not-for-profit organisations. Furthermore, the executive board is responsible for such internal control as the executive board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the executive board is responsible for assessing the organisation’s ability to continue as a going concern. Based on the financial reporting framework mentioned, the executive board should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the organisation or to cease operations, or has no realistic alternative but to do so.

The executive board should disclose events and circumstances that may cast significant doubt on the organisation’s ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the organisation’s financial reporting process.

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Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organisation's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organisation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause an organisation to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Rotterdam, 28 June 2024

Forvis Mazars N.V.

Original has been signed by: drs. D.D. Plouvier RA

Appendices

ACRONYMS AND ABBREVIATIONS

AAAP	Africa Adaptation Acceleration Program
ACS	Africa Climate Summit
AfDB	African Development Bank
AFD	Agence Française de Développement
AMT	Akiba Mashinani Trust
ANBI	Algemeen Nut Beogende Instelling
AU	African Union
BREFONS	Program to Build Resilience for Food and Nutrition Security in the Horn of Africa
CARE	CARE International
CGIAR	Consultative Group on International Agricultural Research
CIAT	Alliance of Bioversity International and the International Center for Tropical Agriculture
CIF	Climate Investment Funds
COP26	26th Conference of the Parties to the United Nations Climate Change Framework Convention (United Nations Climate Change Conference)
COP28	28th Conference of the Parties to the United Nations Climate Change Framework Convention (United Nations Climate Change Conference)
CPI	Climate Policy Initiative
CSE	Centre de Suivi Ecologique
CVF	Climate Vulnerable Forum
DCAS	Digital Climate Advisory Services
DTP	Desert to Power
FCDO	Foreign, Commonwealth & Development Office of the Government of the United Kingdom
FCS	Fragile and Conflict-Affected Situations
FOLUPS	Federation of Liberia Urban Poor Savers
FONGIP	Fonds de Garantie des investissements Prioritaires
FONSIS	Fonds Souverain d'Investissements Stratégiques
FTE	Full-time equivalent employees
GCA	Global Center on Adaptation
GCF	Green Climate Fund

GIIF	Ghana Infrastructure Investment Fund
GIZ	Deutsche Gesellschaft fur Internationale Zusammenarbeit
HR	Human Resources
i-DICE	Nigeria Investment in Digital and Creative Enterprises program
ICGF	International Centre for Future Generations
ICT	Information and Communication Technologies
IFAD	International Fund for Agricultural Development
IFI	International Financial Institution
IMF	International Monetary Fund
IPDC	International Panel on Deltas and Coastal Areas
KENHA	Kenya Highway Authority
KFW	Kreditanstalt für Wiederaufbau
LBA	La Banque Agricole
LLA	Locally Led Adaptation
LPRES	Livestock Productivity and Resilience Support Project
LT	Leadership Team
MDB	Multilateral Development Bank
MEE	Ministry of Ecology and Environment of the People's Republic of China
NDC	Nationally Determined Contribution
NGO	Non-Governmental Organization
RSF	Resilience and Sustainability Facility
SAAP	SIDS Adaptation Acceleration Program
SDI	Slum Dwellers International
SEAH	Sexual exploitation, abuse, and harassment
SIDS	Small Island Developing States
SME	Small and Medium-sized Enterprise
STA	State and Trends in Adaptation
UN	United Nations
UNEP	United Nations Environment Programme
UNOPS	United Nations Office for Project Services
V20	Vulnerable Twenty Group
YouthADAPT	African Youth Adaptation Solutions Challenge
YMCA	Young Men's Christian Association

OFFSET PARTNER PREPAYMENTS AND OBLIGATIONS

Balance on 01/01/2023	New Commitments	Payments	Releases	Balance on 31/12/2023
5,987,996	4,503,909	3,548,834	-	6,943,071

The table outlines the offsetting balances related to partner prepayments and obligations for the year 2023. The opening balance as of January 31, 2023, was €6.0 million, comprising partner prepayments of €0.02 million and obligations to partners totaling €6.0 million. In 2023, GCA realised new subgrant commitments to implementing partners amounting to €4.5 million. Payments made during the year totaled €3.5 million, with no releases recorded. The balance carried forward on December 31, 2023, is €6.9 million, determined by adding new commitments to the opening balance and subtracting the payments and releases made during the year.

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