



ADAPTATION FUND

AFB/B.31/5
14 March 2018

Adaptation Fund Board
Thirty-first meeting
Bonn, Germany, 22-23 March 2018

Agenda item 10 a)

IMPLEMENTATION PLAN FOR MEDIUM-TERM STRATEGY

Introduction

1. At its twenty-seventh meeting in March 2016, having discussed the agenda item “Issues remaining from the twenty-sixth meeting”, (c) “Proposal to modify the country cap”, the Adaptation Fund Board (the Board) noted that there was a need for broader consideration of the Fund’s strategic direction, and decided to:

[...]

b) Request the secretariat to prepare, for consideration by the Board at its twenty-eighth meeting, options for a framework for a medium-term strategy for the Fund, that would reflect the strategic priorities of the Fund approved by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) and take into account the findings of the Phase I of the Overall Evaluation of the Fund, as well as, inter alia, the following matters:

- (i) The financial situation of the Adaptation Fund, including the work done for resource mobilization for the Fund;*
- (ii) The progress being made on accreditation of implementing entities and developing readiness to access adaptation finance;*
- (iii) Allocation of funds, including the cap of 50 per cent set for proposals submitted by multilateral implementing entities by decision B.12/9, the cap per country set by decision B.13/23 and consideration of regional projects and programmes within and beyond the pilot programme for regional projects and programmes set up by decision B.25/28; and*
- (iv) The discussion on potential linkages between the Adaptation Fund and the Green Climate Fund (GCF).*

Decision B.27/39

2. The secretariat subsequently recruited an external consultant to help draft, under supervision by and in consultation with the secretariat, a document that would present options for a framework as outlined in Decision B.27/39. That document, AFB/B.28/7, “Options for a medium-term strategy”, including the confidential addendum AFB/B.28/7/Add.1, was presented by the secretariat to the Board at the twenty-eighth meeting. It included choices among options in three areas: the conceptual model to be used for the strategy, the structure of the strategy, and the type of design process to be followed. Having considered the above documents, the Board decided:

- a) To establish a task force to guide the work of the secretariat on the medium-term strategy for the Fund, composed of three members from Annex I countries and three members from non-Annex I countries to be elected intersessionally;*
- b) To request the secretariat to:*
 - (i) Arrange, if possible, a meeting of the task force, in the sidelines of the twenty-second session of the Conference of the Parties of the United Nations Framework Convention on Climate Change;*

- (ii) *Prepare, under the supervision of the task force mentioned in subparagraph (a), elements including options for a medium-term strategy for the Fund, to be considered by the Board at its twenty-ninth meeting, with a view to developing the final strategy by the thirtieth meeting; and*
- c) *That the medium-term strategy would be developed according to the following options for the framework described in document AFB/B.28/7:*
 - (i) *Conceptual model: Option 2: Strategy as dynamic;*
 - (ii) *Structure: Option 1: Strategic choices approach;*
 - (iii) *Design process: a combination of Options 1 and 2, so that at the initial stage, the first formulation of the strategy would be done engaging a focused group of stakeholders and decision-makers (Option 1) and that at the second stage, a more comprehensive process (Option 2) would be applied.*

(Decision B.28/46)

3. Following the twenty-eighth meeting of the Board, the election of officers to various positions in the Board and its subsidiary bodies was delayed as it was considered necessary to wait until after constituencies had nominated members and alternates to serve on the Board in conjunction with the twenty-second session of the Conference of the Parties of the Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC) (COP22). The nomination of Board members and alternates was only finalized in January 2017. Subsequently, the secretariat liaised with the Chair and Vice-Chair of the Board in order to seek nominations from constituencies for members of the medium-term strategy task force. Some nominations were received but as those nominations did not reach the full composition outlined in subparagraph (a) of Decision B.28/46, it was agreed that while the nominated members could contribute to the process in an informal capacity, the election of task force members would be postponed until the twenty-ninth meeting.

4. At its twenty-ninth meeting, the Board decided, through decision B.29/1:

[...]

(c) To elect David Kaluba (Zambia, Africa), Mr. Naser Moghaddasi (Islamic Republic of Iran, Asia-Pacific), Mr. Aram Ter-Zakaryan (Armenia, Eastern Europe), Mr. Lucas Di Pietro Paolo (Argentina, Latin America and the Caribbean), Mr. Michael Jan Hendrik Kracht (Germany, Annex I Parties), Ms. Tove Zetterström-Goldmann (Sweden, Annex I Parties), and Mr. Marc-Antoine Martin (France, Annex I Parties) as members of the medium-term strategy task force [...]

5. At the twenty-ninth meeting, the Board also decided to:

- (a) *To request the secretariat:*
 - (i) *To draft the medium-term strategy, under supervision and guidance of the Task Force on the medium-term strategy;*
 - (ii) *To publish the draft medium-term strategy for public consultation purposes;*
and

(iii) To present a new version of the draft medium-term strategy for consideration by the Board at its thirtieth meeting.

(Decision B.29/39)

6. During the intersessional period between the twenty-ninth and the thirtieth meeting, under supervision and guidance of the medium-term strategy task force, the secretariat had prepared a first draft for a medium-term strategy. As requested through decision B.29/39, the first draft was published on the Fund's website for public consultation purposes, and was also directly circulated to the Adaptation Fund NGO Network and other stakeholders together with a questionnaire designed to gather and organize feedback. Following the feedback from the civil society and other stakeholders, the secretariat prepared, under supervision and guidance of the medium-term strategy task force, a revised draft medium-term strategy in document AFB/B.30/5.

7. At its thirtieth meeting, the Adaptation Fund Board discussed the draft medium-term strategy, and members of the Board proposed amendments to the document. The secretariat then presented a revised draft, in document AFB/B.31/5/Rev.1. Having considered that document, the Board decided:

a) To adopt the medium-term strategy as amended by the Board, as contained in the Annex 1 of the document AFB/B.30/5/Rev.1 (the MTS); and

b) To request the secretariat:

(i) To broadly disseminate the MTS and work with key stakeholders to build understanding and support;

(ii) To prepare, under the supervision of the MTS task force, a draft implementation plan for operationalizing the MTS, containing a draft budget and addressing key assumptions and risks, including but not limited to funding and political risks, for consideration by the Board at its thirty-first meeting; and

(iii) To draft, as part of the implementation plan, the updates/modifications to the operational policies and guidelines of the Adaptation Fund needed to facilitate implementation of the MTS, for consideration by the Board at its thirty-first meeting.

(Decision B.30/42)

8. Pursuant to decision B.30/42, subparagraph b (ii), the secretariat has prepared a draft implementation plan for the MTS, including an assessment of assumptions and risks. The secretariat shared a version of the draft with the MTS task force for comments, although the time available for commenting was short. The draft implementation plan is contained in Annex I of the present document.

9. The draft implementation plan contains, in line with the MTS, a general budget for the additional administrative costs expected to be incurred as a result of implementing the plan. For the first whole fiscal year during the strategy's implementation period, fiscal year 2019 (1 July 2018 – 30 June 2019), a more detailed suggestion and breakdown has been prepared by the secretariat in the document AFB/EFC.22/8 (Administrative Budget of the Board and Secretariat, and Trustee for Fiscal Year 2019) for consideration by the Ethics and Finance Committee (EFC)

at its twenty-second meeting on 20-21 March 2018. With regard to the subsequent implementation years, there are many uncertainties that make accurate budget planning difficult: these relate mostly to potential additional staffing costs that may be made necessary due to the growth and diversification of the portfolio of projects.

10. The draft implementation plan also contains suggestions for specific funding windows that might be opened under the MTS in complement of the Fund's existing funding windows for single-country and regional adaptation projects and readiness support projects. Should the implementation plan be approved, the secretariat would present specific proposed details for each new funding window at subsequent meetings of the Board for its consideration, in accordance with the timeline contained in the implementation plan.

11. In accordance with the Decision B.30/42, the secretariat assessed the applicability of the current version of the Operational Policies and Guidelines (OPG, as amended in October 2017) in light of the activities proposed under the MTS implementation plan, and the need to revise it. The secretariat has concluded that the current version of the OPG serves to sufficiently guide the implementation of the MTS, without an explicit need to revise it at the present time. It is proposed by the secretariat that the OPG be amended, if deemed necessary, only after consideration of the new funding windows and other new activities that might benefit from more specific guidance in the OPG.

Recommendation

12. The Board may want to consider the draft implementation plan (the plan) for the medium-term strategy for the Fund, contained in the Annex I to document AFB/B.31/5, and decide:

- a) To approve the implementation plan for the medium-term strategy for the Fund for 2018–2022 contained in the Annex I to document AFB/B.31/5;
- b) To request the secretariat to:
 - (i) facilitate the implementation of the plan during the period 2018-2022;
 - (ii) include the administrative budget of implementing the plan in the administrative budget of the secretariat annually during the strategy period for consideration by the Ethics and Finance Committee;
 - (iii) prepare, for each proposed new type of grant and funding window, a specific document containing objectives, review criteria, expected grant sizes, implementation modalities, review process and other relevant features, and present them for consideration by the Board, in accordance with the tentative timeline contained in the Annex I to document AFB/B.31/5;
 - (iv) propose, following the consideration of the new types of support mentioned in subparagraph b) (iii), as necessary, amendments to the operational policies and guidelines of the Adaptation Fund that would better facilitate the implementation of those new types of support;
 - (v) monitor the progress of implementation of the MTS, to report on it annually as part of the annual performance reports (APR) of the Fund, and if necessary,

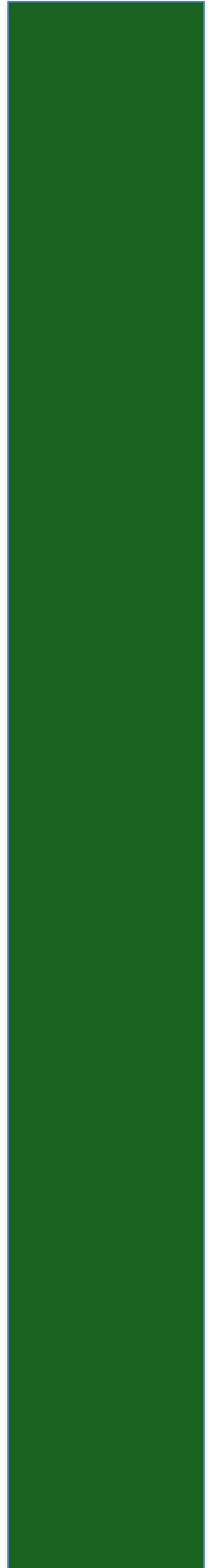
propose possible adjustments to the plan during its implementation in conjunction with consideration of the annual work plan; and

- c) To request the Technical Evaluation Reference Group of the Adaptation Fund (AF-TERG) to undertake a mid-term review of the Medium-term Strategy and Implementation Plan and present its report to the Board at its thirty-sixth meeting.



ADAPTATION FUND

**Medium Term Strategy 2018-2022
Draft Implementation Plan**





ADAPTATION FUND

Helping developing countries build resilience and adapt to climate change

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1. Background

1. At its thirtieth meeting on 12-13 October 2017, the Adaptation Fund Board (the Board) considered the draft medium-term strategy (the MTS) for the Adaptation Fund (the Fund), based on document AFB/B.30/5/Rev.1 prepared by the Adaptation Fund Board Secretariat (the secretariat) and decided:

(a) To adopt the medium-term strategy as amended by the Board, as contained in the Annex 1 of the document AFB/B.30/5/Rev.1 (the MTS); and

(b) To request the secretariat:

- (i) To broadly disseminate the MTS and work with key stakeholders to build understanding and support;*
- (ii) To prepare, under the supervision of the MTS task force, a draft implementation plan for operationalizing the MTS, containing a draft budget and addressing key assumptions and risks, including but not limited to funding and political risks, for consideration by the Board at its thirty-first meeting; and*
- (iii) To draft, as part of the implementation plan, the updates/modifications to the operational policies and guidelines of the Adaptation Fund needed to facilitate implementation of the MTS, for consideration by the Board at its thirty-first meeting.*

(Decision B.30/42)

2. Introduction to the Implementation Plan

2. The draft Implementation Plan (IP) builds on the MTS, and outlines proposed activities over the 5-year period for achieving its goals. It organizes activities primarily along the three strategic foci (pillars) of the MTS, and includes narratives for the four cross-cutting areas, that reflect consideration of those areas within each strategic focus area.

3. While the MTS is meant to be a document that does not require revision during its lifetime of five years, the IP is meant to be adaptive and flexible. The introduction of new areas of work and new activities represents opportunities and risks that will only be fully understood during the implementation of the MTS. There are also factors outside the Fund's control that may influence the operating environment of the Fund, both relating to the Fund itself, such as the process of the Fund coming to fully serve the Paris Agreement, and relating to other actors. Therefore, the implementation of the MTS will necessarily be an adaptive process, where the Board regularly assesses the progress made, and corrects the course as needed. This is reflected in the IP being more specific for the first two years of implementation and more general thereafter (see indicative general timeline in Addendum I).

4. The IP will guide the work of the Fund at both the Board and the secretariat level. The IP sets out goals for activities, including new activities which will be further detailed in annual plans and/or specific Board decisions. In doing so, the IP sets a general framework for the preparation of these activities but provides only an indicative level of resources for their implementation – that will be further detailed annually through work plans.

STRATEGIC FOCUS, 2018-2022 (reproduced from the Medium-term Strategy)

The Adaptation Fund's Medium-term Strategy updates and refines the Fund's niche to better serve the evolving needs of Parties to the UN Framework Convention on Climate Change. Towards this end, the Fund's Vision, Goal and Impact are derived from the Paris Agreement (especially Articles 7, 9 and 11), the 2030 Agenda for Sustainable Development (especially SDG 13), and their implied Theory of Change.

Vision: *Developing country Parties are successfully enhancing adaptive capacity, strengthening resilience and reducing vulnerability to climate change through participatory, transparent and accountable processes. Their actions address the special needs of vulnerable social groups, communities and ecosystems; are based on and guided by the best available science and knowledge; and are purposefully contributing towards sustainable development and the eradication of poverty.*

Goal: *People, livelihoods and ecosystems are adequately protected from the adverse impacts of climate change.*

Impact: *Adaptive capacity enhanced, resilience strengthened and the vulnerability of people, livelihoods and ecosystems to climate-change reduced.*

The Fund's unique role within this big picture is informed by standing guidance from Parties, lessons on aid effectiveness and disaster risk reduction, the Fund's external context, internal conditions, and insights shared by stakeholders during the consultative MTS process.

Mission: *The Adaptation Fund serves the Paris Agreement by accelerating and enhancing the quality of adaptation action in developing countries. The Fund does so by supporting country-driven projects and programmes, innovation, and multi-level learning for effective adaptation. All of the Fund's activities are designed to engage, empower and benefit the most vulnerable communities and social groups; advance gender equality and the empowerment of women and girls, strengthen long-term institutional and technical capacity for effective adaptation; and build complementarity and coherence between climate finance delivery channels.*

The Fund will pursue this Mission during the 2018-2022 period through three Strategic Foci.

3. The three Strategic Foci and Crosscutting themes

5. The three Strategic Foci of the Medium-term Strategy are:
- 1) *Action – Support eligible countries to undertake high quality adaptation projects and programmes consistent with their priority needs, goals and strategies*
 - 2) *Innovation – Support the development and diffusion of innovative adaptation practices, tools, and technologies*
 - 3) *Learning and Sharing – Support learning and sharing about adaptation finance and action*
6. The four crosscutting themes are:
- *Engaging, empowering and benefitting the most vulnerable communities and social groups*
 - *Advancing gender equality and the empowerment of women and girls*
 - *Strengthening long-term institutional and technical capacity for effective adaptation*
 - *Building complementarity and coherence with other climate finance delivery channels*
7. This section presents the planned activities in the three strategic focus areas.

3.1 Strategic Focus 1: Action

Objective: Support eligible countries to undertake high quality adaptation projects and programmes consistent with their priority needs, goals and strategies

Expected results:

- ER1 – Vulnerability reduced, resilience strengthened, and adaptive capacity enhanced. Project/programme beneficiaries' vulnerability to climate variability and change reduced, their resilience strengthened, and adaptive capacity enhanced
- ER2 – Institutional capacity strengthened. Long-term capacity of national and regional institutions to implement and execute high quality adaptation projects/programmes strengthened through Fund processes, including accreditation and adaptive management
- ER3 – Effective action scaled up. Countries readied to scale up effective projects/ programmes with support from other climate funds and finance channels (including private sector)

Outcome: Eligible countries supported to undertake high-quality adaptation projects/programmes consistent with their development needs, goals and strategies

8. This Strategic Focus represents the original and main area of work for the Fund. It builds on the Fund's well-recognised niche supporting smaller (typically having a budget of less than US\$10 million), country-driven adaptation projects/programmes. However, in response to rising expectations expressed by Parties in Articles 7, 9 and 11 of the Paris Agreement, the Fund's Medium-term Strategy places new

emphasis on the quality of concrete activities and long-term capacity strengthening for effective adaptation. This includes emphasizing the crosscutting areas of the MTS in the review of project proposals, providing additional support for the design and implementation of adaptation activities through the Readiness Programme, and raising awareness on and expanding the experience of enhanced direct access to enhance country ownership and offer opportunities for local actors to finance their adaptation needs. The effective collection and dissemination of lessons learned from project implementation will also support the countries in funding their adaptation gap through replicating and scaling up successful project outcomes.

SF1: ACTION – Support eligible countries to undertake high quality adaptation projects and programmes consistent with their priority needs, goals and strategies

Expected Results	Expected Outputs (delivery methods)	Activities	Output indicators	FY19 Budget	Tentative timeline	Tentative budget
<p><i>ER1 – Vulnerability reduced, resilience strengthened, and adaptive capacity enhanced.</i> Project/programme beneficiaries' vulnerability to climate variability and change reduced, their resilience strengthened, and adaptive capacity enhanced</p>	<p>1. Existing grant mechanisms and processes for eligible Parties, especially through Direct Access. <i>Link with cross cutting themes 1 (vulnerable groups) and 2 (gender), 3 (institutional capacity) and 4 (complementarity with other funds)</i></p> <p><i>See learning pillar – internal mechanisms to improve efficiency</i></p>	<p>1.1 Funding projects and programmes through existing mechanisms.</p> <p>1.2 Enhancing current systems and guidelines (i.e. Fund-level monitoring of compliance with environmental and social policy, gender policy; guidelines for mid-term reviews and final evaluations, completion reports)</p>	<p>At least US\$ 400 million of funding approved by the Board, for nationally-determined concrete adaptation projects and programmes including for LDCs and SIDS, benefiting the most vulnerable groups and including gender considerations.</p>	-	2018-2022	<p>Projected grant funding: US\$ 80 million per year over 5 years</p> <p>(Possibly 1-2 additional staff, depending on volume trend)</p>
	<p>2. Existing grant mechanisms and processes for regional projects and programmes <i>- Link with cross cutting themes 1 (vulnerable groups) and 2 (gender) and 4 (complementarity with other funds)</i></p>	<p>2.1 Regional project funding through existing window.</p> <p>2.2 Enhancing current guidelines and processes</p>	<p>At least US\$ 200 million of funding approved by the Board, for regionally-determined concrete adaptation projects and programmes including for LDCs and SIDS, benefiting the most vulnerable groups and including gender considerations.</p>	-	2018-2022	<p>Projected grant funding: US\$ 40 million per year over 5 years</p> <p>(Possibly additional staff as indicated above, depending on volume trend)</p>

Expected Results	Expected Outputs (delivery methods)	Activities	Output indicators	FY19 Budget	Tentative timeline	Tentative budget
	3. “Enhanced Direct Access” involving sub-national institutions and civil society organizations implemented in at least 10 countries - <i>Link with cross cutting themes 1 (vulnerable groups) and 2 (gender) and 3 (institutional capacity)</i>	3.1 Funding “Enhanced Direct Access” project and programmes through dedicated window, making use of past experience, replicating, scaling up. 3.2 Enhancing awareness among DAs, IEs, subnational institutions and CSOs	Number of funded high-quality “Enhanced Direct Access” projects and programmes Number and quality of guidelines, communications publications, exchange visits, readiness events.	-	2018-2022	Projected grant funding: US\$ 20 million per year for 5 years (Possibly additional staff as indicated above, depending on volume trend)
ER2 – Institutional capacity strengthened. Long-term capacity of national and regional institutions to implement and execute high quality adaptation projects/ programmes strengthened through Fund processes, including accreditation and adaptive management	1. Enhanced readiness activities for climate finance, encompassing both support for accreditation and project/programme design and/or implementation. - <i>Link with cross cutting theme 3 (Institutional capacity) and KM</i>	1.1 Current activities (existing readiness grants, workshops, seminars and conferences) are enhanced and scaled-up, with increased budget for enhanced technical support, partnerships, small grants and subprojects funding to facilitate accreditation, project preparation and project development. Enhanced delivery and usability of accreditation and project guidance documents.	Number of readiness projects implemented Number of partnerships established Number of readiness/capacity building events successfully delivered	The budget of the readiness programme for FY19 (excluding grants) is ca. US\$ 600,000, including 1 annual NIE seminar, ca. 2 joint workshops with partners, and other activities. US\$ 600,000 in grants (S-S grants, TA-ESGP grants and PFA grants etc.)	2018-2022	The budget of the readiness programme in, including “baseline” activities that are adjusted to cater to the MTS, and “additional” MTS activities, but excluding grants, estimated at US\$ 750,000 per year. Projected grant funding ca. US\$ 600,000 per year for 4 years for readiness package grants Projected grant funding ca. US\$ 400,000 – 600,000 per year for 5

Expected Results	Expected Outputs (delivery methods)	Activities	Output indicators	FY19 Budget	Tentative timeline	Tentative budget
<p>ER3 – Effective action scaled up. Countries readied to scale up effective projects/ programmes for funding from other climate funds and finance channels (including private sector)</p>	<p>1. Project scale-up microgrants (up to US\$ 100,000 each) established under the Readiness Programme (link with Knowledge & Sharing)</p>	<p>1.1 Readiness funding to support planning, assessment, capacity enhancement (individual, organization and institutional) for designing and developing scaling up pathways for project scale up. 1.2 Public and private partnerships and collaborations to support project development for scale up.</p>	<p>Number of microgrants provided to projects to support scaling up actions Number of projects funded by the Fund and other financing institutions building on successful Fund projects Number of partnerships and collaborations for project scaling up established</p>	-	2018-2022	<p>Projected grant funding ca. US\$ 200,000 per year for 5 years (ca. 2 projects per year)</p> <p>Consultant inputs for helping manage/ review proposals (readiness programme): US\$ 15,000 per year.</p>

3.2 Strategic Focus 2: Innovation

Objective: Support the development and diffusion of innovative adaptation practices, tools, and technologies

Expected results:

- ER1 – Successful innovations rolled out. Innovative adaptation practices, tools and technologies that have demonstrated success in one country spread to new countries/regions
- ER2 – Viable innovations scaled up. Innovative adaptation practices, tools and technologies that have demonstrated viability at a small scale piloted at larger scales
- ER3 – New innovations encouraged and accelerated. Development of innovative adaptation practices, tools and technologies encouraged and accelerated
- ER4 – Evidence base generated. Evidence of effective, efficient adaptation practices, products and technologies generated as a basis for implementing entities and other funds to assess scaling up

Outcome: Innovation for effective, long-term adaptation to climate change accelerated, encouraged and enabled

9. This Strategic Focus represents a new explicitly-stated area of operation for the Fund and, as such, will require special attention and technical support during the current MTS cycle. Establishment, learning, and activities associated with specific ERs are detailed below. Together, they describe a one-year start-up period spanning March 2018 to February 2019 followed by an initial Request for Proposals in [March 2019] and a second Request for Proposals in [March 2020]. This pathway is intended to generate essential lessons for scaling-up SF2 investments during the next MTS cycle.

10. Main activities:

- Launch Innovation Facility
- Build awareness of the Fund's Innovation Facility across adaptation and climate change innovation networks
- Build effective relationships with potential partners and collaborators
- Explore unique/niche opportunities to mobilise public and private resources for the Innovation Facility
- Establish appropriate processes for supporting and reviewing SF2 proposals
- Monitor, evaluate and learn from process-related experiences during current MTS cycle
- Monitor whether activities under SF2 are being implemented and crosscutting themes advanced in-line with the MTS, standards are being met, risks and being managed, targets are being reached and resources are being used efficiently
- Communicate learning from ER 1 & 2 projects, as well as knowledge outputs from ERs 3 & 4, across the international community of adaptation practitioners

SF2: INNOVATION – Support the development and diffusion of innovative adaptation practices, tools and technologies

Expected Results	Expected Outputs (delivery methods)	Activities	Output indicators	FY19 Budget	Tentative timeline	Tentative budget
ER1 – Successful innovations rolled out. Innovative adaptation practices, tools and technologies that have demonstrated success in one country spread to new countries/regions	1. A large grant (up to US\$ 5 M/ grant) mechanism established to roll out proven solutions in new countries/regions At least two proposals supported under the 1 st Request for Proposals (RFP) and at least four proposals supported under the 2 nd RFP <i>link with cross cutting themes 1 (vulnerable groups) and 2 (gender)</i> Understanding of possibilities and challenges in rolling out financing for innovative action improved and recorded <i>Link with SF3.</i>	1.1 Develop and launch a relevant, efficient, effective and sustainable Large Grant Mechanism through two pilot versions 1.2 Assess and if feasible, pilot co-financing innovative action by private sector entities 1.3 Assess and if feasible, target innovative action by local governments, with or without collaboration private sector entities. 1.4 Assess and if feasible, target innovative action in new sectors 1.5 Collaboration with other institutions/ funds/ IEs to roll out new/ innovative adaptation practices/ tools/ technologies	Numbers of proposals funded under the RFPs Quantity and quality of key findings on possibilities and challenges in rolling out financing for innovative action Number of monitoring reports outlining lessons learned	Assessment and training: US\$ 35,000	Development of 1 st RFP: Mar 2018 – Mar 2019. Launch of 1 st RFP: Mar 2019. Launch of 2 nd RFP: Mar 2020.	Projected grant funding: 1 st RFP: ca. US\$ 15 M. 2 nd RFP: ca. US\$ 30 M. Grant administration will be done initially with existing resources. Consultant inputs for developing assessment and providing training: US\$ 35,000 twice during 5 years

Expected Results	Expected Outputs (delivery methods)	Activities	Output indicators	FY19 Budget	Tentative timeline	Tentative budget
		1.6 Improved M&E reporting aimed at capturing innovation from projects (<i>links with SF1</i>)				
ER2 – Viable innovations scaled up. Innovative adaptation practices, tools and technologies that have demonstrated viability at a small scale piloted at larger scales	1. A large grant up to US\$ 5 M/ grant) mechanism established to scale up innovations already demonstrated to work at a small scale; At least two proposals supported under the 1 st Request for Proposals (RFP) and at least four proposals supported under the 2 nd RFP <i>link with cross cutting theme 1 (vulnerable groups) and 2 (gender)</i> Understanding of possibilities and challenges in rolling out financing for innovative action improved and recorded <i>Link with SF3.</i>	1.1 Develop and launch a relevant, efficient, effective and sustainable Large Grant Mechanism through two pilot versions 1.2 Collaboration with other institutions/ funds/ IEs to scale up new/ innovative adaptation practices/ tools/ technologies 1.3 Improved M&E reporting aimed at capturing innovation from projects (<i>links with SF1</i>)	Numbers of proposals funded under the RFPs Quantity and quality of key findings on possibilities and challenges in scaling up financing for innovative action Number of monitoring reports outlining lessons learned	-	Development of 1 st RFP: Mar 2018 – Mar 2019. Launch of 1 st RFP: Mar 2019. Launch of 2 nd RFP: Mar 2020.	Projected grant funding: 1 st RFP: ca. US\$ 15 M. 2 nd RFP: ca. US\$ 30 M. Grant administration will be done initially with existing resources.
ER3 – New innovations encouraged and accelerated. Development of innovative adaptation practices, tools and	1. A relevant, efficient, effective and sustainable micro-grant (up to US\$ 250,000) mechanism established to develop and/or test innovative adaptation products (e.g. project management	1.1 Develop and launch a relevant, efficient, effective and sustainable Micro-Grant Mechanism through two pilot versions	Numbers of proposals funded under the direct access RFPs Number of innovative adaptation practices, tools and	-	MIE partner(s) proposed to Board in October 2018 and announced	Projected grant funding: 1 st RFP: ca. US\$ 2 M. 2 nd RFP: ca. US\$ 6 M. Grant administration will be done initially with existing resources.

Expected Results	Expected Outputs (delivery methods)	Activities	Output indicators	FY19 Budget	Tentative timeline	Tentative budget
technologies encouraged and accelerated	tools) and technologies; <i>link with cross cutting theme 1(vulnerable groups) and 2 (gender)</i> 2. At least 14 proposals from Implementing Entities and at least 20 proposals from other entities supported.	1.2 Partner with MIE aggregator to enable Non-Accredited Entities to access micro-grants for innovation 2.1 Issue two RFPs during the 2018-2022 period, both of which will cite requirements to address cross-cutting themes 1 (vulnerable groups) and 2 (gender equality)	technologies funded through MIE partner		at COP 24 (Dec 2018) 1 st RFP for <i>Direct Access</i> issued at COP 24 (Dec 2018) w/ Board decisions slated for Oct/Nov 2019 2 nd RFP for <i>Direct Access</i> issued in March 2020 w/ Board decisions slated for Oct/Nov 2020	Consultant inputs for assessment of options: US\$ 20,000 twice during 5 years
ER4 – Evidence base generated – Evidence of effective, efficient adaptation practices, products and technologies generated as a basis for implementing entities and other	1. A relevant, efficient, effective and sustainable micro-grant (up to US\$ 250,000) mechanism established to generate evidence base effective, efficient adaptation practices, products and technologies, to enable implementing entities and other funds to assess	1.1 Develop and launch a relevant, efficient, effective and sustainable Micro-Grant Mechanism through two pilot versions 1.2 Partner with MIE aggregator to enable Non-Accredited	Quantity and quality of key findings on effective, efficient adaptation practices, products and technologies generated through direct access Quantity and quality of key findings on effective, efficient	-	MIE partner(s) proposed to Board in October 2018 and announced at COP 24 (Dec 2018)	Projected grant funding: 1 st RFP: ca. US\$ 2 M. 2 nd RFP: ca. US\$ 6 M. Grant administration will be done initially with existing resources.

Expected Results	Expected Outputs (delivery methods)	Activities	Output indicators	FY19 Budget	Tentative timeline	Tentative budget
funds to assess scaling up	scaling up; <i>link with cross cutting theme 1 (vulnerable groups) and 2 (gender)</i> 2. At least 14 proposals from Implementing Entities and at least 20 proposals from other entities supported.	Entities to access micro-grants for innovation 2.1 Issue two RFPs during the 2018-2022 period, both of which will cite requirements to address cross-cutting themes 1 (vulnerable groups) and 2 (gender equality)	adaptation practices, products and technologies generated through MIE partner		1 st RFP for <i>Direct Access</i> issued at COP 24 (Dec 2018) w/ Board decisions slated for Oct/Nov 2019 2 nd RFP for <i>Direct Access</i> issued in March 2020 w/ Board decisions slated for Oct/Nov 2020	

3.3 Strategic Focus 3: Learning and Sharing

Objective: Support learning and sharing about adaptation finance and action

Expected results:

- ER1 – Lessons learnt and shared. Practical lessons from Fund processes and projects/programmes captured and effectively communicated to adaptation actors around the world
- ER2 – Knowledge and guidance developed. Practical knowledge gained and guidance provided vis-à-vis select themes (e.g. improving the durability of adaptation actions; integrating traditional knowledge, the knowledge of indigenous peoples and local knowledge systems into adaptation actions; and the role of adaptive management in project implementation)
- ER3 – Analytical capacity strengthened. Long-term analytical/learning capacity strengthened in developing country Parties

Outcome: Practical knowledge about effective adaptation activities and financing modalities generated and communicated to actors around the world

11. The Adaptation Fund's third Strategic Focus is learning and sharing to enhance its own processes and activities, as well as those of others. It will build on the Fund's recently revised Knowledge Management Framework and Action Plan (2016) to continuously:

- Improve Fund policies and performance through effective, "whole-of-organisation" learning and sharing
- Support collaborative learning and sharing across adaptation communities of practice

SF3: LEARNING AND SHARING – Support learning and sharing about adaptation finance and action

Expected Results	Expected Outputs (delivery methods)	Activities	Output indicators	FY19 Budget	Tentative timeline	Tentative budget
ER1 – Lessons learnt and shared. Practical lessons from Fund processes and projects/ programmes captured and effectively communicated to adaptation actors around the world	<i>Link with cross-cutting themes: vulnerable communities, gender and institutional capacity</i>	1.1 Partnering with international knowledge institutions on identifying best practices/ case studies/ lessons learnt from IEs on key project knowledge (by theme/ sector) that will help them improve project impact	Number of publications showcasing best practices/case studies/lessons learnt produced and disseminated by IEs & knowledge institutions Number of uploads of best practices on different knowledge institution sites	US\$ 30,000	2018-2022	US\$ 30,000 per year for 5 years
		1.2 Identify regional/global climate change adaptation seminars/conferences where IEs and other stakeholders have story telling sessions and present findings from projects (through videos, etc.)	Number of events where findings from projects, in different forms are presented Number of videos/stories produced; incorporate MTS themes across publications, including into project stories, videos and conference side event themes. Number of events attended by IE and EE representatives	US\$ 20,000	2018-2022	US\$ 20,000 per year for 5 years
		1.3 Showcasing best practices on Direct Access	Number of best practices produced and disseminated by	US\$ 15,000	2018-2022 2 publications:	US\$ 15,000 every second year over 5 years

Expected Results	Expected Outputs (delivery methods)	Activities	Output indicators	FY19 Budget	Tentative timeline	Tentative budget
			NIEs during yearly readiness seminar/webinars		one in FY19, the other in FY21	
		1.4 KM toolkit for lessons learned for projects at regional and sector level	Relevant toolkit produced and shared	-	2018-2022	In-house resources
		1.5 KM toolkit of RBM framework	Relevant toolkit produced and shared	-	2018-2022	In-house resources
	2. Micro-grants (up to US\$ 150,000 each) facilitating south-south learning and the sharing of information, good practices and lessons learned from failures as well as success <i>- Link with cross-cutting theme: vulnerable communities, gender and institutional capacity</i>	2.1 Lessons learnt from NIEs through targeted grants for: (a) transferring knowledge from one NIE to another (b) knowledge from NIEs to the wider climate finance adaptation community (c) developing knowledge/guidelines through partnerships	Number of knowledge events, publications, guidelines developed and shared by AF secretariat/year Increased knowledge and understanding of effective AF funded adaptation interventions	US\$ 30,000	2018-2022	Projected grant funding: US\$ 400,000 per year over 5 years Consultant inputs for helping organize the calls for proposals: US\$ 30,000 per year.
	3. Collaboration with other climate funds to triangulate lessons and consolidate messages, as feasible <i>- Link with cross-cutting theme: gender, complementarity and coherence</i>	3.1 Lessons learnt from accreditation process collected from the Fund and other funds/institutions (including direct access entities), processed and disseminated	Number of publications produced on accreditation process and disseminated to other funds Number of questionnaires produced to extract	-	2019-2022	US\$ 60,000 over 4 years (US\$ 24,000 for FY20 and US\$12,000/ year in subsequent 3 years for publications and outreach) starting in FY20

Expected Results	Expected Outputs (delivery methods)	Activities	Output indicators	FY19 Budget	Tentative timeline	Tentative budget
			knowledge/challenges from past journey toward accreditation shared during clinics (Readiness workshop)			
		3.2 Promote, through various channels, Fund projects scaled-up by other funds and possible co-financing (KM tracking of projects that have been scaled up already or in the process of being scaled up)	Number of uploads/links under Fund website KM tab on Fund projects scaled up by other Funds/institutions	-	2018-2022	In house resources
		3.3 Form partnerships with other funds on hosting learning events around different themes related to projects/ programmes and/ or gender	Number of learning events hosted with other funds	-	2018-2022	In house resources
	4. Enhanced learning from the accreditation process and outcome; <i>link with cross cutting theme institutional capacity</i>	4.1 Capture and integrate the sharable knowledge of the Workflow system into the project cycle through in-house studies, e.g.	Number of in-house studies including statistical information produced on efficiency and effectiveness of accreditation process	US\$ 30,000	2018-2022	\$30,000 for IT expert + AP expert

Expected Results	Expected Outputs (delivery methods)	Activities	Output indicators	FY19 Budget	Tentative timeline	Tentative budget
		on efficiency and effectiveness	(e.g. duration at each stage, media interactive workflow)			
		4.2 Enhance institutional capacity through publishing lessons learnt on re-accreditation as quality control tool for institutions	Number of publications capturing lessons learnt from re-accreditation process	-	2019-2022	\$20,000 (1 study by Accreditation Panel in FY20) \$15,000 publications to disseminate study
		4.3 Capture and integrate knowledge from readiness and capacity building activities	Quantity and quality of publications related to readiness process produced and disseminated during readiness/capacity building events Number of readiness/ capacity building events held – number of joint workshops with other climate funds to disseminate <i>(Link with SF1-ER2)</i>	-	2019-2022	US\$ 25,000 per year for 4 years

Expected Results	Expected Outputs (delivery methods)	Activities	Output indicators	FY19 Budget	Tentative timeline	Tentative budget
		4.4 Enhance the accreditation process through developing tools such as e-learning course	Number of tools enhancing the accreditation process (including e-learning course)	US\$ 60,000	2018-2022	US\$ 60,000 for e-learning on accreditation process
ER2 – Knowledge and guidance developed vis-à-vis selected themes. Practical knowledge gained and guidance provided vis-à-vis select themes (e.g. improving the durability of adaptation actions; integrating traditional knowledge, the knowledge of indigenous peoples and local knowledge systems into adaptation actions; and the role of adaptive management in project implementation)	1. Development of a body of knowledge related to key concepts of adaptation (thematic, sectoral, etc.). <i>Link with cross-cutting theme institutional capacity and complementarity and coherence</i>	1.1 Lessons learned/case studies/best practices produced on key project knowledge in collaboration with IEs, academia	Number of publications published and disseminated on lessons learned/ case studies from IEs Number of questionnaires/ surveys related to main issues to be addressed	-	2019-2022	US\$ 40,000 (1 publication every 24 months starting in FY20)
		1.2 Continue the practice of capturing lessons learned through the PPR tool submitted yearly by the IEs and exploring potential enhancements of these (including aspects on adaptive management, gender and on CC adaptation) and applying it in a new way/format (develop publication with academia, etc.)	Timely submittal of PPRs by IEs	-	2018-2022	In house resources

Expected Results	Expected Outputs (delivery methods)	Activities	Output indicators	FY19 Budget	Tentative timeline	Tentative budget
	2. Strategic partnerships with international knowledge-institutions and fora/networks established and maintained - <i>Link with cross-cutting theme institutional capacity and complementarity and coherence</i>	2.1 Collaborate with learning institutions, think tanks and organizations involved in research and development to produce publications on specific adaptation issues e.g. mainstreaming ESP and gender in adaptation projects, making AF projects sustainable, importance of innovation in readiness, accreditation or scaling up concrete projects (<i>links with SF2</i>)	Number of publications produced in collaboration with learning institutions, thinktanks and organizations involved in research and development	-	2019-2022	\$50,000 per year (starting in FY20) available for investigative research with university, think tanks etc.
ER3 – Analytical capacity strengthened	1. Enhancing institutional capacity of NIEs and governments through learning and sharing using different sources (e.g. CoP, Annual NIE seminars, webinars) - <i>cross-cutting theme institutional capacity</i>	1.1 Knowledge produced for NIEs related to different topics through webinars, seminars, communities of practice	Number and quality of active discussions between NIEs hosted on the community of practice platform Number of knowledge publications produced and disseminated per year	US\$ 10,000	2018-2022	US\$ 10,000 per year for 5 years for maintenance of Community of Practice platform Would be covered by activities and budget under SF1-ER2 (webinars, seminars)

Expected Results	Expected Outputs (delivery methods)	Activities	Output indicators	FY19 Budget	Tentative timeline	Tentative budget
		1.2 Roll-out of KM toolkit of RBM framework and delivery of it through a workshop/clinics	Number of events where toolkit is delivered	-	2018-2022	In house resources

12. Note: In all production of learning materials, the emphasis will be on electronic publication, and printed materials will only be used when deemed necessary due to the limited access of the intended audience to online sources.

3.4 Crosscutting areas

13. In order to continue promoting consistent, critical thinking and improved outcomes in line with Parties' aspirations, the Adaptation Fund will work with its partners to mainstream four crosscutting themes across Fund processes and the projects/programmes it supports. The crosscutting themes are principles that are reflected in the design and implementation of activities within the three strategic foci but that have relevance also for the positioning, processes and partnerships of the Fund beyond those activities.

3.4.1 Engaging, empowering and benefitting the most vulnerable communities and social groups

14. The Adaptation Fund stands out amongst its multilateral peers for supporting concrete projects/programmes that directly engage, empower and benefit the most vulnerable communities and social groups. This strategic priority was first expressed in the Fund's 2008 Operating Principles and Guidelines and has been reiterated in its later revisions, and has been elaborated upon in the Fund's Project Review Criteria and Project Proposal Template; Environmental and Social Policy; Gender Policy and Action Plan; and associated guidance documents. The Fund has also pioneered the use of Enhanced Direct Access to more effectively identify and address nuanced adaptation needs within vulnerable communities. Indeed, the Fund's model of Enhanced Direct Access, which devolves control over project approval processes to national institutions, enables local actors to define and implement appropriate activities via small grants.

15. During implementation of the medium-term strategy, the Fund will continue to improve its profile as a multilateral fund that supports concrete projects/programmes that directly engage, empower and benefit the most vulnerable communities and social groups. The environmental and social policy and gender policy that address issues of vulnerability will continue to be applied consistently, and governments and implementing entities will be supported in implementing robust measures to avoid and mitigate risks to vulnerable populations. In terms of activities funded and implemented under the three strategic foci, opportunities to further direct support to the most vulnerable will be considered as possible. While doing so, the crucial principle of country-drivenness will be followed.

3.4.2 Advancing gender equality and the empowerment of women and girls

16. The Fund's Gender Policy and Action Plan for FY 17-19 was approved by the Board in March 2016. It systematically integrates key ESP principles, especially the principles of access and equity, consideration of marginalised and vulnerable groups, and human rights. The Fund's Gender Policy extends the principle of gender equity and women's empowerment to a legal mandate of "gender equality." The Fund's Gender Policy is human rights-based and congruent with the relevant international instruments.

17. The Gender Policy and Gender Action Plan will be implemented in line with the MTS and MTS IP in the remaining period of the first implementation phase (FY 2017 -2019). The Gender Policy and the MTS are interrelated and mutually reinforcing. In the process of reviewing and updating the Gender Policy and Gender Action Plan after the first implementation period, any further alignment of the Gender Policy and Gender Action Plan with the MTS and MTS IP will be made based on the experiences gained and lessons learned through the implementation of GP and MTS.

3.4.3 Strengthening long-term institutional and technical capacity for effective adaptation

18. The Fund's purpose is clearly aligned with the Paris Agreement's stated goal of "enhancing adaptive capacity, strengthening resilience and reducing vulnerability to climate change" (Article 7, paragraph 1). It is important to acknowledge that capacity constraints are still a major bottle neck to accessing adaptation finance and to effective planning and implementation of adaptation action. Thus, it is crucial to continue with capacity building and readiness support. The Fund has pioneered Direct Access as a means of ensuring country ownership and building national capacity, while its Enhanced Direct Access modality is supporting country-led efforts to drive ownership and capacity down to the grass roots; and the Fund's Readiness Programme for Climate Finance, launched as a pilot programme in 2014 and integrated as a core area of work in 2016, is helping some of the world's most vulnerable countries take critical first steps.

19. Activities related to Capacity Building are promoted by the Fund both through its dedicated Readiness Programme for Climate Finance and through work carried out in funded projects and programmes. During the implementation of the MTS, the Readiness Programme will be modestly expanded to add new activities, such as through the Readiness Package and introducing support to projects during their implementation phase. The secretariat will also increase engagement with various bodies relevant to enhancing capacity building under the United Nations Framework Convention on Climate Change (UNFCCC), such as the Paris Committee on Capacity Building and the Durban Forum on Capacity Building, and seek opportunities to complement the work done in those fora based on the MTS.

3.4.4 Building complementarity and coherence with other climate finance delivery channels

20. Enhanced complementarity, coherence and coordination between climate finance delivery channels pose significant opportunities to advance the Adaptation Fund's effectiveness, efficiency and sustainability. As important, enhanced complementarity, coherence, and coordination may make accessing and managing climate finance easier and less costly for developing country Parties. Therefore, the Fund, through the Board and the secretariat, is committed to working with UNFCCC through its Standing Committee on Finance and Adaptation Committee, and with other climate finance delivery channels during the 2018-2022 period to increase complementarity, coherence and coordination in the delivery of climate finance.

21. During the implementation of the MTS, the engagement with other climate finance delivery channels will be done both at the level of inter-fund dialogue and at the level of the specific activities under the three strategic focal areas. For instance, activities related to scaling up innovations and other adaptation action essentially take place in the context of various sources of funding, where the Fund may in some cases offer the opportunity of replicating or scaling up activities by others with relatively fewer resources, and in other cases offer its own experiences to other funds that may scale up activities piloted by the Fund. The Fund will also strive to learn from the experience of other funds and share its knowledge and lessons learned, to support the design of adaptation actions with increased quality in client countries.

4. Cascading the strategy through non-programme organizational domains

4.1 Finance

Resource mobilization

22. The Board adopted, at its twenty-eighth meeting (October 2016), an updated resource mobilization strategy and, at its twenty-ninth meeting (March 2017), a resource mobilization action plan. Those two documents guide the resource mobilization efforts of the Board during the period of the MTS. The MTS provides a framework for the specific “offer” of the Fund towards various contributors.

23. In the process of reviewing and updating the resource mobilization action plan after the current implementation period, further alignment of the action plan with the MTS and MTS IP will be made based on the experiences gained and lessons learned through the implementation of the resource mobilization strategy and the MTS.

Resource allocation and management

24. The resource allocation framework of the Board has since the Fund’s inception been relatively straightforward. The two main features since 2010-2011 have been a cap per country of US\$ 10 million, and a collective cap of 50 per cent of the Fund’s project/programme resources for multilateral implementing entities. More recently, in 2015, the Board opened a call for regional (multi-country) projects and programmes, first as a pilot and since 2017 as an on-going feature of the Fund. The regional projects and programmes have been considered to be outside of the country-specific caps and a programme of work for the funding of regional project and programme proposals is determined and approved by the Board on a yearly basis¹.

25. The MTS and the IP propose new types of projects that have not been funded by the Fund before. In order to increase interest of countries and implementing entities towards such new projects, the Board may consider constituting some of them as additional windows with separately set-aside funding envelopes that are beyond the regular country cap and/or the MIE 50 per cent cap. The secretariat will maintain information on the various caps and allocations with a goal of facilitating understanding by the Board and stakeholders.

26. The Board will also keep the level of the country cap, as well as other caps, under review, and amend them if considered necessary.

4.2 Internal processes & systems

Governance

27. The Fund has a well-established governance system, consisting of the Board as the decision-making body, supported by two committees, the Ethics and Finance Committee and the Project and Programme Review Committee, the Accreditation Panel, the Technical Evaluation Reference Group (TERG) and specific working groups and task forces, and supported by the secretariat and the Trustee.

¹ The programme of work approved by the Board for fiscal year 2018 amounted to US\$ 30 million.

28. The implementation of the MTS will be overseen by the Board as part of its normal activities. The secretariat will report to the Board on the implementation progress through and in conjunction with the Annual Performance Report of the Fund.

29. Any changes to the governance arrangements stemming from the UNFCCC negotiations process, such as ones resulting from decisions made by the Parties in relation to how the Fund shall serve the Paris Agreement, will be assessed by the Board from the perspective of the MTS, and the Board may adjust the implementation arrangements of the MTS accordingly.

30. Civil society contributes to the Fund in a variety of ways, including resource mobilisation, real-time updates on and assessments of supported projects, input from the intended beneficiaries, and knowledge management. The current practices are reasonably effective in terms of transparency and accountability to civil society organisations. The Board, therefore, aims to work with the Adaptation Fund NGO Network to explore modalities for even greater collaboration during the 2018-2022 period.

Monitoring, evaluation and reporting system

31. The Fund uses a robust system of results-based management that consists of a Fund results management framework, core indicators and related monitoring and reporting practices and tools. The way in which the system is extended to monitor and report on the implementation of the MTS is described below in the section “Keeping the strategy and implementation plan up-to-date”.

32. The summary results framework of the MTS (Illustration 5 of the MTS) lays out the goal, outcomes and outputs of the MTS. The existing results-based management framework of the Fund will be reviewed following the decisions on new types of projects, to ensure alignment of results management throughout the Fund.

Knowledge management system

33. Knowledge management and learning are key components of RBM. Learning encompasses a cycle of planning, periodic performance assessment and organizational learning – all of which are supportive of knowledge creation and sharing.

34. As Learning and Sharing is one of the strategic focal areas of the MTS, there are several knowledge-generating and knowledge-managing activities outlined in the IP. Those will be incorporated in the Knowledge Management Strategy adopted by the Board in October 2016 and will be implemented as part of updated KM Action Plans for the period covered by the MTS. In addition to these activities, lessons learned on the implementation of the MTS itself will be generated and reported on as part of the Annual Performance Report. Subsequently, those lessons are used in assessing and, if necessary, adjusting activities within the MTS.

35. The Knowledge Management Strategy and Action Plan will be revisited periodically to ensure that they remain relevant and that they evolve as the organization’s needs evolve. Necessary updates will be made based on the knowledge gained and lessons learned from the implementation of the MTS. These updates will reflect alignment with the MTS and IP proposed activities related to Learning and Sharing.

Risk management system

36. The Board has established a comprehensive Risk Management Framework in 2010, which was amended in 2014. This document describes risk management roles and responsibilities for the Board, Secretariat, and Implementing Entities. It also describes the processes and mechanisms the Fund has in place for each category of risk. This Framework, its supporting policies, and related procedures have proven effective to date and are expected to suffice during the period of the Fund's 2018-2022 MTS.

Human resources management system

37. The World Bank Group provides human resource infrastructure and management services to the secretariat through the Group's Human Resource Management (HRM) system. The Board approves the staffing costs of the secretariat as part of the annually considered administrative budget.

38. The secretariat's staffing structure is, as verified by the overall evaluation of the Fund performed in 2015, lean and efficient. The number of staff needed to implement the MTS depends on two main factors: 1) volume of work such as numbers of applications for accreditation, project/programme proposals for technical review and projects/programmes under implementation, and 2) number of different funding modalities and other activities. Notwithstanding the demands related to the MTS implementation, the volume of work is expected to gradually increase due to the maturing portfolio of projects and programmes, which has indirect implication on areas such as results-based management, knowledge management and communications. This leads to pressure to modestly increase the staffing, potentially at 15-20 per cent over the five-year period. The new activities proposed in the MTS and IP would lead to a potential additional increase up to 15-20 per cent, amounting to an overall increase of 30-40 per cent over the five years.

4.3 External processes & relationships*Complementarity, coherence and cooperation*

39. Enhanced complementarity, coherence and coordination between climate finance delivery channels pose significant opportunities to advance the Adaptation Fund's effectiveness, efficiency and sustainability. As important, enhanced complementarity, coherence, and coordination may make accessing and managing climate finance easier and less costly for developing country Parties.

40. The Fund will participate in and contribute to overall coordination efforts under the UNFCCC, including the Adaptation Committee, the Standing Committee on Finance, and the Paris Committee on Capacity Building, among others. The Fund also seeks to increase coherence and complementarity among climate funds through coordination efforts such as the annual dialogues of climate funds as well as specific fund-to-fund arrangements.

Communications

41. The Fund has robust communications processes and tools. The MTS will be mainstreamed in all communications of the Fund. Overall communications to the general public will focus on the work of the Fund and the support and opportunities it offers to vulnerable developing countries, without greatly emphasizing the document itself. MTS themes can be incorporated in publications such as identifying project stories and angles that personalize and highlight some of those themes (with or without specifically referencing the strategy) through on the ground examples that can be featured in web stories, videos, event and exhibit themes and other outreach materials. More specific communications such as summary and visual presentation of the MTS targeted at the UNFCCC process and the stakeholders involved in it will also highlight the strategic importance of the MTS as a planning and management tool. In all production of communications materials, the emphasis will be on electronic publication, and printed materials will only be used when deemed necessary due to the limited access of the intended audience to online sources.

42. In internal communications of the Board and the secretariat, the MTS will provide a general framework against which all work and plans are laid out. The MTS will also be a key component in all internal training and familiarization efforts at the Board and the secretariat level. The secretariat will prepare briefings for Board members on the MTS, in order to support them in serving as ambassadors for the strategy.

5. Addressing risks and assumptions related to funding and political risks

5.1 Risks and assumptions related to funding

43. The MTS outlines US\$ 100 million as the lower limit of resource mobilization target per year for 2018-2020, while highlighting that based on recent trends in project and programme funding decisions, the level of funding needs is increasing. Based on these two factors, the proposed level of ambition in terms of total grant funding to be allocated over the five-year period is set with a goal of ca. US\$ 790 million over five years or, ca. US\$ 158 million per year. It should be noted, though, that these are very indicative figures, and do not represent set-asides. It is possible that in some of the funding windows, the actual allocated funding will turn out to be lower than the proposed amount.

44. As has been noted repeatedly by the Conference of the Parties serving as the Meeting of the Parties of the Kyoto Protocol (CMP), most recently at CMP 13 in November 2017 (Decision 1/CMP.13 and Decision 2/CMP.13), there are concerns with regard to the sustainability, adequacy and predictability of funding for the Fund, due to the uncertainty of CER prices. The Fund currently practically relies on contributions from governments of developed country Parties and their regions, despite ongoing attempts to diversify the streams of finance.

45. In terms of funding availability and funding risks, for the main part of projected spending, i.e. grants, the MTS IP follows a funding window based approach. In this approach, final decisions on opening funding windows and setting their sizes will be determined by the Board during the implementation period on a rolling basis. This allows adjusting the projected spending up or down, based on funding availability and related uncertainties.

46. At the project level, the proposed new funding modalities, especially the ones related to innovation, contain new types of risks on project success and hence, risk on investment to those projects

by the Fund. By definition, innovative activities are ones that have not yet been fully tried and tested, and not all innovations turn out to be successful. By setting off to finance innovation, the Fund in principle accepts the possibility of higher than before risk of failure with individual innovation projects (the principle being, the more innovative the project, the greater the risk.) However, the specific level of acceptable risk can be adjusted by the Board when setting the objectives and review criteria for projects under the Innovation strategic focus area. As with “conventional” adaptation projects, innovation projects are also expected to actively manage risks during project implementation, and corrective measures such as adjustment of project design during implementation are expected to be used to minimize results of failure of innovation, if necessary.

5.2 Political risks and assumptions

In relation to the mandate of the Fund

47. There are no significant political risks identified for the MTS or its implementation. The MTS IP with its proposed new funding windows continues to fully respond to the core mandate of the Adaptation Fund of funding concrete adaptation projects. The new funding windows have been carefully designed so that they either represent concrete adaptation projects (either under the “action” strategic focus area or under the “innovation” area) or that they support and enhance those projects (under the “learning and sharing” area).

In relation to country-drivenness

48. Country-drivenness is one of the overarching principles of the Adaptation Fund. This essentially refers to the importance of adhering to national strategies and plans in the design of projects to be implemented in the given country, and to the absolute requirement of endorsement by the Designated Authority of the government of that country. The MTS IP is completely aligned with this principle, and does not in any way weaken it.

In relation to balanced and equitable access, and promoting direct access

49. Decisions by the CMP highlight the importance of access to the Fund in a balanced and equitable manner (Decision 5/CMP.2, para 1 (b)) and the ability of governments to submit proposals to the Fund directly (Decision 1/CMP.3, para 29). With regard to these principles, the Board has set an interim cap per country of US\$ 10 million (Decision B.13/23) and an overall cap for projects implemented by MIEs at 50 per cent of total project resources (Decision B.12/9).

50. During the implementation period, it may be useful for the Board to revisit these caps and either reaffirm or revise them. With the growing portfolio, the status of the US\$ 10 million cap per country, in particular, has increasingly become perceived as a constraining factor by some governments that have conveyed that it essentially prevents them from planning further engagement with the Fund.

51. From the perspective of the MTS IP, the questions on the caps are separate issues that may be addressed specifically during the implementation period of the MTS.

6. Keeping the strategy and implementation plan up-to-date

52. The Medium-term Strategy has been composed with its lifetime of five years in mind, so that revising it during that time will not be necessary, unless external circumstances in which the Fund operate, change radically. The implementation of the MTS would be evaluated after the mid-term in 2020-2021, and after its end in 2023. The mid-term evaluation is planned to be useful in informing the possible subsequent Medium-term Strategy (which could span years 2023-2027). Such evaluations would be carried out by the Evaluation Function of the Fund.

53. In contrast with the Medium-term Strategy, this IP is meant to be adaptive and flexible. This will be based on regular monitoring and reporting of the IP by the Board and the secretariat, and specific decisions to be taken, as necessary. The main reporting vehicle at the Fund level will be the annual performance reports (APR) in which narrative and numerical reporting on the progress of the MTS implementation will be included. For grants issued under the strategic focus areas, the existing modalities of project and programme monitoring, evaluation and reporting will be adapted and applied.

- Implementing entities will have the primary responsibility for undertaking those tasks at the project level, and will both assess performance and distil lessons learnt that can improve the outcomes and impact of future projects. The Fund will encourage participatory impact assessments as part of a comprehensive framework for project/programme-level M&E and sharing lessons learnt from failures as well as successes. In keeping with the Fund's commitment to transparency and accountability, Project Performance Reports (PPRs) are posted online.
- The secretariat will compile the information provided by implementing entities at the Fund level, and assess whether the activities are being implemented and cross-cutting themes advanced in line with the MTS, standards are being met, risks are being managed, targets are being reached, and resources are being used efficiently. In addition to drawing on reports on projects and programmes, the secretariat will compile also information on other areas of work under the MTS. Findings and recommendations will be included in an Annual Performance Report. This, along with additional sources the Board may deem fit, will inform the Board's Annual Report to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) or Paris Agreement (CMA).

54. Work planning under the MTS is based on the framework contained in this IP. Due to the evolving nature of the Fund's work and its operating environment, the IP is most specific for the first two years of the period 2018-2022, and less so for the remaining three years. For those later years, activities will be adjusted based on the experiences of the early years as well as any changes in the operating environment.

55. Annual work planning for implementing the MTS will take place using the regular work planning of the Fund, with budgeted work plans prepared by the secretariat and considered by the Board.

Addendum I: Indicative general timeline of the MTS-IP and expected allocation of funding to grants and administrative costs

	2018	2019	2020	2021	2022	Objective for grant amount (over 5 years)	Budget Increase (over 5 years)
SF1: Action	<p>ER1 1.1 & 2.1 Concrete projects funded</p> <p>ER1 3.1 Opening window for enhanced direct access</p> <p>ER2 1 & 2.1 Readiness activities implemented</p> <p>ER2 2.2 FIF platform finalized</p> <p>ER3 Scale-up microgrants launched</p>	<p>ER1 1.1 & 2.1 Concrete projects funded</p> <p>ER1 3.1 First grants expected under enhanced direct access</p> <p>ER2 1 & 2.1 Readiness activities implemented</p> <p>ER2 2.2 FIF platform fully in use</p> <p>ER3 First scale-up microgrants awarded (*)</p>	<p>ER1-3 all activities in full implementation</p>	<p>ER1-3 all activities in full implementation</p>	<p>ER1-3 all activities in full implementation</p>	\$ 683,500,000	- *
SF2: Innovation	<p>ER1 1 & ER2 1 Large innovation grant mechanism developed</p> <p>ER3 1 & ER4 1 MIE aggregator partner for microgrants identified, 1st RFP launched</p>	<p>ER1 1 & ER2 1 1st RFP for large innovation grant mechanism</p> <p>ER3 1 & ER4 1 First microgrants awarded (*)</p>	<p>ER1 1 & ER2 1 1st large innovation grants awarded (*), 2nd RFP launched</p> <p>ER3 1 & ER4 1 2nd RFP launched</p>	<p>ER1-4 2nd RFP continues</p>	<p>ER1-4 2nd RFP continues</p>	\$ 106,000,000	\$ 110,000

SF3: Learning & Sharing	ER1 1&3 Sharing lessons through publications and events, toolkits developed ER1 2 S-S learning microgrants launched ER1 4 Accreditation lesson study, e-learning developed ER3 Collaboration with learning institution on maintaining Community of Practice (CoP) for Readiness	ER1 1&3 Sharing lessons through publications and events, toolkits developed ER1 2 First S-S learning microgrants awarded (*) ER1 3 Accreditation lessons disseminated ER1 4 Re-accreditation lessons study, readiness lessons captured ER2 1 Thematic KM publication ER2 2 Think tank collaboration launched ER3 CoP collaboration continues	ER1 1&3 Sharing lessons through publications and events, toolkits ER1 2 S-S learning microgrants continued ER1 3 Accreditation lessons disseminated ER1 4 Readiness lessons captured ER2 2 Think tank collaboration continues ER3 CoP collaboration continues	ER1 1&3 Sharing lessons through publications and events, toolkits ER1 2 S-S learning microgrants continued ER1 3 Accreditation lessons disseminated ER1 4 Readiness lessons captured ER2 1 Thematic KM publication ER2 2 Think tank collaboration continues ER3 CoP collaboration continues	ER1 1&3 Sharing lessons through publications and events, toolkits ER1 2 S-S learning microgrants continued ER1 3 Accreditation lessons disseminated ER1 4 Readiness lessons captured ER2 2 Think tank collaboration continues ER3 CoP collaboration continues	\$ 2,000,000	\$ 515,000
Management	- Adoption of MTS-IP - Review and update KM Action Plan	- Review and update Gender Action Plan - Review and update Resource Mobilization Plan	- Mid-term Review of MTS and IP	- Review and update Resource Mobilization Plan - Launch MTS 2023-2027 development	- Review and update Gender Action Plan - Finalize MTS 2023-2027 development	\$ 0	\$ 2,000,000*
Total						\$ 791,500,000	\$ 2,625,000*

* Note: management budget increase is estimated at staff cost increase of 15-20 per cent over the five-year period, not accounting for non-MTS increase in baseline activities