



ADAPTATION FUND

AFB/B.40/5  
13 March 2023

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Adaptation Fund Board  
Fortieth meeting  
Bonn, Germany, 23-24 March 2023

Agenda item 10

**DRAFT IMPLEMENTATION PLAN FOR THE  
MEDIUM-TERM STRATEGY OF THE FUND  
FOR THE PERIOD 2023 TO 2027**

## Introduction

1. At its thirty-eighth meeting in March 2022, the Board considered options and elements for the medium-term strategy 2023–2027 and decided:

- (a) *To elect Mr. Ali Daud Mohamed (Somalia, Africa), Ms. Sohee Gwag (Republic of Korea, Asia-Pacific), Ms. Joanna Milwicz vel Delach (Poland, Eastern Europe), Ms. Maia Tskhvaradze (Georgia, Eastern Europe), Mr. Marc-Antoine Martin (France, Annex I Parties), and Ms. Angelique Pouponneau (Seychelles, Small Island Developing States) as members of the task force referred to in decision B.37/38, on the second medium-term strategy of the Adaptation Fund (the Fund), covering the period 2023–2027 (MTS 2023–2027);*
- (b) *To request the secretariat, under the guidance of the task force referred to in subparagraph (a), above:*
  - (i) *To prepare a draft MTS 2023–2027 that builds on the strategic framework and achievements of the MTS 2018–2022 and further enhances it by proposing strategic updates and adjustments aimed at consolidating the Fund’s comparative advantage and optimizing its impact (in line with option 2, as set out in document AFB/B.38/5), and reflecting the views expressed by the Board at its thirty-eighth meeting;*
  - (ii) *To undertake further stakeholder consultations on the draft MTS 2023–2027;*
  - (iii) *To present the draft MTS 2023–2027 for consideration by the Board at its thirty-ninth meeting.*

(Decision B.38/49)

2. At its thirty-ninth meeting in October 2022, having discussed the agenda item “Medium-term strategy of the Fund for the period 2023–2027”, the Adaptation Fund Board (the Board) decided:

- (a) *To adopt the medium-term strategy for 2023–2027 (MTS 2023–2027) contained in annex 2 to document AFB/B.39/5/Rev.2;*
- (b) *To request the secretariat:*
  - (i) *To broadly disseminate the MTS 2023–2027 to the Adaptation Fund’s stakeholders to raise awareness and support;*
  - (ii) *To prepare, under the guidance of the MTS 2023–2027 task force, a draft implementation plan for the MTS 2023–2027, for consideration by the Board at its fortieth meeting;*

- (iii) *To prepare, as part of the implementation plan and as necessary, draft updates to the Operational Policies and Guidelines for Parties to Access Resources from the Adaptation Fund, in order to facilitate implementation of the MTS 2023-2027, for consideration by the Board at its fortieth meeting.*

(Decision B.39/61)

3. Following the adoption of the final Medium-Term Strategy for 2023 to 2027 (MTS 2023 – 2027), the Fund officially launched the new MTS during an official Adaptation Fund side event at the COP27 Climate Change Conference in Sharm el-Sheikh, Egypt. The side event was well attended with active participation by representatives of the Fund’s various stakeholders, including the Board Chair, Manager of the Board secretariat, contributor and recipient governments, implementing entities, the Chair of the Community of Practice of Direct Access Entities, the AF CSO Network and the scientific community. Stakeholders welcomed the new MTS and expressed support for its mission and strategic priorities.

4. The secretariat subsequently produced a reader-friendly version of the MTS 2023 – 2027 and posted it on the Fund’s website to disseminate it broadly with the Fund’s stakeholders through targeted communications and social media outreach.

5. During the intersessional period between the thirty-ninth and the fortieth meeting, under the guidance of the medium-term strategy task force, the secretariat had prepared a first draft for a medium-term strategy implementation plan, pursuant to decision B.39/61, paragraph (b) (ii). The draft implementation plan is contained in Annex I of the present document.

6. During and after a virtual meeting of the medium-term strategy task force on 23 February, members of the task force provided oral and written guidance on the first draft MTS implementation plan. Task force members expressed general support for the draft IP’s approach and level of ambition and raised the following comments and questions:

- a) Support for the outputs and activities that put a strong emphasis on synergies with other adaptation funders and actors, on sharing knowledge on the use of best practices, including between countries, and on providing flexibility to countries when it comes to using and linking different grant modalities;
- b) Suggestion to consider key performance indicators beyond the output level for knowledge management to more impact oriented indicators, including the impact of KM products on the creation of a project pipeline;
- c) Suggestion to create innovation focused partnerships with research centers or/and universities or/and think tanks, as the AF has not yet reached the optimal organizations to ensure best AF strategy evolutions;
- d) Suggestion to produce simple and flexible output indicators, as well as a precise and concise summary of the draft MTS IP document, that can be easily understood NIEs and proponents of AF projects/programs;
- e) Suggestion to reflect the linkage with loss and damage in the MTS IP for the Fund to further explore synergies between adaptation and loss and damage, generate related

- knowledge and learning, and track co-benefits of the AF's portfolio for averting and minimizing loss and damage;
- f) Question on the implications of potential increase in grant amounts for number of projects to be funded: in addition to the funding cap per country for single-country projects, a window based allocation approach for other project types enables the Board to adjust the level of funding available for countries' proposals in various windows based on resource mobilization outcome and other factors that are outside of the Fund's control; and
  - g) Question on the capacity of the secretariat to implement this ambitious plan: it is recommended that the Board continues to review the evolving needs for secretariat capacity during MTS implementation.

### Recommendation

7. Having considered the draft implementation plan (the plan) for the medium-term strategy for the Fund, contained in the annex to document AFB/B.40/5, the Adaptation Fund Board may want to consider to decide:

- (c) To approve the implementation plan for the medium-term strategy for the Fund for 2023 – 2027, as contained in the annex to document AFB/B.40/5;
- (d) To request the secretariat:
  - i. To facilitate the implementation of the plan during the period 2023-2027;
  - ii. To 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. To prepare, for each proposed type of new or adjusted 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.40/5;
  - iv. To 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. To 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
- (e) To request the Technical Evaluation Reference Group of the Adaptation Fund (AF-TERG) to undertake a mid-term review of the MTS (2023-2027) and its Implementation Plan and to present its report to the Board at its forty-sixth meeting.

## **Recommendation**

8. Having considered the draft implementation plan (the plan) for the medium-term strategy for the Fund, contained in the Annex I to document AFB/B.40/5, the Adaptation Fund Board may want to consider to decide:

- (a) To request the secretariat to prepare an analysis of provisions related to the Designated Authorities (DA) of the Fund contained in the Fund's Operational Policies and Guidelines, with a view to providing options for the Fund's support to enhance DAs' capacities, and to present it for consideration by the Board at its forty-first meeting.



**ADAPTATION FUND**

Helping developing countries build resilience and adapt to climate change

**Implementation Plan for the  
Medium-Term Strategy (2023-2027)**

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## I. BACKGROUND AND INTRODUCTION TO THE IMPLEMENTATION PLAN

1. The proposed Implementation Plan (IP) for 2023 to 2027 builds on the MTS (2023 – 2027) and on the lessons learned from the first Implementation Plan for the MTS (2018 – 2022). It outlines proposed activities over the 5-year period for achieving its outcomes, outputs and expected results. It organizes activities primarily along the three strategic pillars of the MTS, including also activities to enhance the linkages and synergies between them, and includes narratives for the six cross-cutting areas.

2. 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 transitioning to solely serving the Paris Agreement and receiving a share of proceeds from the mechanism in its Article 6.4, and factors relating to other actors and developments. For example, during the second half of the implementation of the first MTS, the Fund had to respond to the challenges and restrictions associated with the COVID-19 pandemic. 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 Annex I).

3. 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.

4. The Mid-term Review (MTR) of the MTS (2018 – 2022) conducted by the AF-TERG contains some findings that are relevant for the IP. The Board has approved a management response and action plan to the MTS of the MTS, including on the IP related findings that have guided the development of this IP:

**Table 1:** Key findings from the Mid-Term Review of the MTS (2018 – 2022) and that relate to the MTS Implementation Plan and management response (reproduced from Annex I to MTS of the MTS)

	<b>Overall finding</b>	<b>Secretariat position</b>	<b>Management response</b>
1	<i>How has the MTS been designed and implemented?</i>		
1.3	The output-oriented-Implementation Plan for the MTS, does not fully harness the ambition and potential envisaged by the MTS.	Agreed	The secretariat under the guidance of the Board will take into consideration this finding when developing the next Fund's MTS and MTS IP.



1.4	Resource mobilization continues to be a constraint to the predictability for programming and ambition of the Fund, the MTS and its Implementation Plan.	Agreed	Although the finding is addressed to the Board, the secretariat is committed to explore further avenues for stable and predictable resource mobilization for the Fund. The development of the next resource mobilization strategy will integrate this finding and assess a potential solution within the mandate given by the Board.
2	<i>What have been the achievements and challenges of the MTS implementation?</i>		
2.1	During the first half of the strategic period, all seven of the new funding windows were launched presenting a significant expansion in the Fund's potential portfolio but implementation of the implementation plan has been uneven.	Partially agreed	While the secretariat recognizes the slow implementation of some of the new windows, it is important to acknowledge, as recognized by the MTR, the effort deployed during early-stage work and launch of the new windows for which guidance, preparatory work and awareness raising was needed.
4	<i>Did the MTS support pivoting with the changing context?</i>		
4.1	There have been no changes to the IP targets to achieve the longer-term goals, even when the external context (e.g. in light of COVID) has changed significantly since the Strategy was approved.	Disagree	<p>The Adaptation Fund was one of the first climate funds to provide guidance and adjust its operating modality to support countries and implementing entities addressing the immediate challenges created by the COVID-19 pandemic. Therefore, the secretariat believes this finding, while perhaps technically not incorrect, is effectively misleading, since the Fund's response to the COVID-19 pandemic included adaptive measures to mitigate its impact on the Fund's portfolio, which speaks for the MTS flexibility and rapid response ability.</p> <p>As mentioned by the MTR, a survey conducted by the secretariat among implementing entities in the early phase of the pandemic also confirmed the continued and even increased relevance of the Strategy and its short-term milestones, including the launch of and guidance on the innovation grants, learning grants, scale up grants, as well as e-learning and knowledge exchange activities. There was no evidence of a need for adjustments.</p>

## II. STRATEGIC FOCUS 2023 TO 2027 (REPRODUCED FROM THE MTS 2023 - 2027)

5. The MTS 2023 – 2027 builds on the Fund’s achievements and experience with implementing the first MTS with the aim to further consolidate the Fund’s comparative advantage and optimize its impact. It does so by continuing the strategic focus on financing adaptation action, innovation and learning and sharing, while increasing the ambition under each of these strategic pillars, strengthening the linkage and synergies between them, and further introducing a strategic emphasis on promoting locally led adaptation.

6. The Adaptation Fund’s Medium Term Strategy updates and refines the Fund’s niche to better serve the evolving needs of Parties to the UNFCCC. Towards this end, the Fund’s overall goal and vision are informed by the Paris Agreement and the 2030 Agenda for Sustainable Development (especially SDG 13.1).

### Goal

*People, livelihoods and ecosystems are adequately protected from the adverse impacts of climate change with their adaptive capacity enhanced, resilience strengthened and the vulnerability of people, livelihoods and ecosystems to climate-change reduced in the context of climate-resilient and sustainable development.*

### Vision

*Developing country Parties are successfully enhancing adaptive capacity, strengthening resilience and reducing vulnerability to climate change through inclusive and transparent processes consistent with their adaptation needs and priorities under the Paris Agreement.*

7. The Fund’s unique role within the global response to climate change is informed by guidance from Parties and feedback from the Fund’s various stakeholders during the consultation process, as defined in the following mission statement:

### Mission

*The Adaptation Fund serves the Paris Agreement by accelerating effective adaptation action and efficient access to finance, including through direct access, to respond to the urgent needs and priorities of developing countries. The Fund does so by supporting country-driven adaptation projects and programmes, innovation, and learning with concrete results at the local level that can be scaled up. All of the Fund’s activities are designed to promote locally based or locally led action, enhance access to climate finance and long-term institutional and technical capacities, empower the most vulnerable people and communities as agents of change, advance gender equality, encourage and enable the scaling and replication of results, and strengthen complementarity, coherence and synergies with other adaptation funders and actors.*

8. The Fund will pursue this Mission during the 2023-2027 period through three Strategic Pillars and six Crosscutting Themes, as contained in illustration 5 of the MTS 2023 – 2027 Theory of Change (see on page 6 below).

### The three Strategic Pillars

- 1) **Action** – *Developing countries are supported in undertaking and accelerating high quality, local level and scalable adaptation projects and programmes that are aligned with their national adaptation strategies and processes.*
- 2) **Innovation** – *Modalities for funding the development and diffusion of innovative adaptation practices, tools and technologies expanded, risk-taking encouraged, and linkages to learning strengthened*
- 3) **Learning and Sharing** – *Knowledge and evidence, including local and indigenous knowledge, on effective and innovative adaptation action and finance is generated and disseminated with various stakeholders for application*

### The six Crosscutting Themes

- **Promote locally based and locally led adaptation**, including by devolving access and decision-making on adaptation finance to national, subnational, and local levels;
- **Enhance access to climate finance and long-term institutional capacities** by supporting more holistic and sustainable institutional and technical capacities for accessing and managing finance, that is aligned with national planning frameworks, by actively seeking to identify and address capacity gaps, with a focus on vulnerable countries and communities and through an inclusive, and gender-responsive approach;
- **Empower and benefit the most vulnerable people and communities as agents of change** in all adaptation action financed by the Fund, including women and youth, as well as other relevant groups such as indigenous people and the local private sector, where applicable;
- **Advance gender equality** and promote the empowerment of women and girls through gender-responsive adaptation finance;
- **Enable the scaling and replication of results**, by the Fund itself and various other actors, by making use of respective institutional competencies and leverage policy changes, additional funding and learning to bring the results to scale and maximize impact; and
- **Strengthen complementarity, coherence and synergies with other adaptation funders and actors** for a sustainable, successful and ambitious support to developing countries.

Illustration 1 (reproduced from the MTS (MTS 2023 – 2027))

# Theory of Change of the Medium-Term Strategy (2023 – 2027)



### III. PLANNED ACTIVITIES FOR THE IMPLEMENTATION OF THE MTS (2023 – 2027)

This section presents the planned activities in the three strategic focus areas.

#### Strategic Pillar 1: Action

**Outcome:** Developing countries are supported in undertaking and accelerating high quality, local level and scalable adaptation projects and programmes that are aligned with their national adaptation strategies and processes.

**Outputs / Expected results:**

- *Vulnerability reduced, resilience strengthened, and adaptive capacity enhanced.*  
Project beneficiaries' vulnerability to climate variability and change reduced, their resilience strengthened, and adaptive capacity enhanced through inclusive processes that empower local and vulnerable communities as agents of change
- *Access and institutional capacity enhanced.*  
Long-term capacity of national and regional institutions to access finance and implement high quality and local-level adaptation, including by involving and enhancing the capacity of sub-national and local institutions, strengthened through efficient processes and targeted support, including accreditation, readiness programme, and adaptive management
- *Evidence for effective action generated and results replicated and scaled up.*  
Developing countries readied to generate results and evidence from early and high-impact adaptation interventions in relevant sectors and themes for scaling up with support from other climate funds and actors

9. This Strategic Focus represents the original and main area of work for the Fund. It builds on the Fund's mandate of financing concrete adaptation projects that benefit vulnerable communities in developing countries and on the Fund's well-recognised niche supporting relatively smaller scale (between US\$ 1 and 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 and in subsequent decisions by the CMP and the CMA, the Fund's Medium-term Strategy (2023 to 2027) places new emphasis on the quality of concrete activities and long-term capacity strengthening for accelerating effective adaptation. To this end, the six crosscutting themes are streamlined across the implementation plan's delivery models and activities under the three pillars.

10. **Delivery model and main activities:**

- Expand support for Locally Led Adaptation including through additional delivery modalities under regular projects and/or existing windows for further involving sub-national and local actors ;

- Consider an additional window for LLA, taking into account the Fund's experiences on local actions including the Direct Access and Enhanced Direct Access modalities as well as any other modality, namely AFCIA under the innovation window (AFCIA, etc.);
- Expand existing modalities for engagement of vulnerable groups, local actors, including private sector, in the project cycle, for example by introducing new project review criteria based on and emphasizing LLA principles, or enabling peer-to-peer support for executing entities, where possible;
- Expand existing Readiness Programme towards a more comprehensive and iterative approach for assessment of needs and addressing gaps: this would expand technical support for both accreditation and project/programme design, include targeted assessments of needs and possibly expand delivery channels, scope of support and recipients (Designated Authorities, Executing Entities, local communities, women's organizations, youth, indigenous people etc.);
- Strengthen synergies between Fund processes (including accreditation, readiness, project cycle, KM, communications) to maximize Fund effectiveness and relevance to country needs as articulated in national adaptation frameworks and planning processes, including NAPs, NDCs, and Adaptation Communications;
- Incentivize scalability and replicability beyond project scale up grants as part of project design and implementation and readiness support, e.g. through developing a projects scalability framework, leveraging partnerships or introducing relevant project review criteria; and
- Identify potential areas and sectors where the Fund's impact can be expanded and issues have been under-funded, or linkages and synergies with related issues can be catalysed, through consultation, including through the Readiness Programme.

**ACTION PILLAR** – *Developing countries are supported in undertaking and accelerating high quality, local level and scalable adaptation projects and programmes that are aligned with their national adaptation strategies and processes.*

Expected Results	Expected Outputs (delivery methods)	Activities	Output indicators	Tentative budget
<p><b>1) Vulnerability reduced, resilience strengthened, and adaptive capacity enhanced</b></p> <p>Project beneficiaries' vulnerability to climate variability and change reduced, their resilience strengthened, and adaptive capacity enhanced through inclusive processes that empower local and vulnerable communities as agents of change</p>	<p><b>1. Single-country projects</b> that contribute to national priorities, with increased impact and incremented delivery through Direct Access (<i>for accredited NIEs, RIEs, MIEs</i>)</p> <p><b>2. Regional projects and programmes</b> with enhanced scope and effectiveness, including by addressing additional relevant sectors, themes &amp; target groups (<i>for accredited RIEs &amp; MIEs</i>)</p> <p>3. Consolidate and enhance Strengthen focus on <b>Locally-led Adaptation</b> through:</p> <p>a) Consolidating and refining existing LLA-focused modalities including: - existing grant <b>modality Enhanced Direct Access (EDA) for LLA</b> of up to 5 million per project (<i>for accredited NIEs</i>)</p>	<p><b>1.1 Enhance performance, quality and timely delivery</b> of technical review processes in response to increasing number of single-country project proposals</p> <p><b>1.2 Develop options for raising the caps</b> of single-country, regional, and EDA projects/programmes</p> <p><b>1.3 Develop options for potential non-mandatory programmatic approaches for the implementation of NAPs and NDCs</b> that can include elements to be funded through the various windows of the Fund (single-country, innovation, EDA and regional projects)</p> <p><b>1.4 Revise project criteria, templates and guidance documents to:</b> - ensure linkage to evolving country priorities in NAPs, NDCs etc.</p>	<p><b>1.1.1 - 1.6.1</b> Volume of funding approved by the Board for single-country projects or programmes that contribute to the implementation of NDC and NAPs</p> <p><b>1.4.1</b> Revised project criteria, guidance and templates developed and adopted where needed.</p> <p><b>1.5.1, 1.6.1</b> New indicators are operational and enabling quality monitoring of results related to LLA, innovation, gender, co-benefits and scaling up in the Fund's portfolio</p>	<p>1. Single-country projects: minimum US\$ 200 M / year</p> <p>2. Regional projects and programmes: minimum US\$ 100 M / year</p> <p>3.1 EDA for LLA: US\$ 30 M / year</p> <p>3.2 MIE/RIE-LLA: US\$ 20 M / year</p> <p>3.3 Global-LLA: US\$ 20 M total</p>

Expected Results	Expected Outputs (delivery methods)	Activities	Output indicators	Tentative budget
	<p>- and a similar modality based on single-country programmes <i>(for accredited MIEs and RIEs)</i></p> <p>b) Establish a <b>Global Aggregator Mechanism for Locally Led Adaptation</b> enabling funding access to non-accredited entities <i>(for accredited MIEs)</i></p>	<ul style="list-style-type: none"> <li>- enhance engagement of CSO, local and marginalized groups and communities in project development and implementation</li> <li>- enhance awareness of associated communities</li> <li>- foster evolving consideration of environmental and social risks and gender aspects</li> <li>- foster locally-based or locally-led adaptation approaches for all projects and all IEs</li> <li>- update EDA template to embed LLA principles and criteria</li> <li>- enhance scalability/replicability in project design- enhance Results Framework so as to capture co-benefits with other SDGs, where possible (e.g. mitigation, biodiversity, health)</li> <li>- reflect outcome of Board consideration of the full cost of adaptation reasoning</li> </ul>		



Expected Results	Expected Outputs (delivery methods)	Activities	Output indicators	Tentative budget
		<p><b>1.4 Update project reporting requirements</b> on LLA, local and CSO engagement, scalability, co-benefits, gender (in line with updated project review criteria, templates and guidance documents above)</p> <p><b>1.5 Develop options for updating the results framework</b> with potential themes to include (1) new core indicators on MTS related concept incl. LLA, innovation, gender, access to finance, and (2) non-mandatory indicators for co-benefits and scaling up</p> <p>2.1 Enhance technical processes for an improved programming of regional projects</p> <p>2.2 Develop options on new thematic areas that can be supported through regional projects.</p> <p>3.1 Developing further options for enhancement of EDA for LLA modality, including through</p>	<p>2.1.1 Volume of funding approved by the Board for regional projects with at least 25% of the projects covering new thematic areas</p> <p>2.2.1 At least 3 additional thematic areas are supported under regional projects</p> <p>3.1.1, 3.2.1 &amp; 3.3.1 Volume of funding approved by the Board to</p>	<p>2.1 In-house resources</p> <p>2.2 To be determined</p> <p>3.1 See above</p>

Expected Results	Expected Outputs (delivery methods)	Activities	Output indicators	Tentative budget
		<p>increased readiness support.</p> <p>3.2 Opening a funding window for MIEs and RIEs for single-country programmes that utilize and build capacity for devolved decision-making and implementation</p> <p>3.3 Development of LLA global and/or special focus mechanism to serve non-accredited recipients at the localized level through a global or regional programme.</p>	<p>support projects dedicated to LLA</p> <p>3.1.2 At least 2 reports on modalities and options for increased support for LLA</p> <p>3.2.1 Operational modalities and technical review processes developed and launched</p> <p>3.2.2 At least 6 MIEs and RIEs supporting devolved decision-making in single-country programmes</p> <p>3.3.1 At least 20 projects approved through new LLA funding modalities</p> <p>3.1.3, 3.2.4 &amp; 3.3.2 At least 1 report on lessons learned on LLA funding through the various modalities within the Fund</p>	<p>3.2 See above</p> <p>3.3 See above</p>
<p><b>2) Access and institutional capacity enhanced</b></p> <p>Long-term capacity of national and regional institutions to access finance and implement</p>	<p><b>1. Enhanced Readiness Programme</b> for more comprehensive and iterative support through readiness grants &amp; procurement for:</p>	<p>1.1. Increase outreach and awareness raising to increase uptake of existing readiness package grants.</p> <p>1.2. Increase outreach targeting project</p>	<p>1.1.1. Number of readiness package grants approved per year</p> <p>1.2.1 Number of targeted sub-regional training</p>	<p>1.1 To be determined (as part of the annual readiness work plan)</p> <p>1.2 To be determined (as part of the annual readiness work plan)</p>

Expected Results	Expected Outputs (delivery methods)	Activities	Output indicators	Tentative budget
<p>high quality and local-level adaptation</p>	<p>a) Enhanced support to DAs for high-quality proposals/ programmes that strengthen linkages with national adaptation planning processes and instruments</p> <p>b) Enhanced support for accreditation of NIEs including reaccreditation support</p> <p>c) Enhanced non-grant support for project development (taking into account varying competencies and capacities required for various funding windows e.g., EDA, Innovation, LLA.</p> <p>d) Working in collaboration and partnerships with other stakeholders to maximize support</p> <p><b>2. Evaluation of readiness programme</b> to identify specific gaps and provide recommendations for enhancing existing capacity building instruments and grants</p> <p><b>3. Strengthen synergies between Fund</b></p>	<p>development, project implementation and accreditation for all AF funding windows including regular conversations with DAs and Readiness and Accreditation Applicants, more localized, sub-regional training workshops, increase number of country exchanges, increase number of webinars and utilization of partner events related to capacity building, e.g., PCCB Enhance the regular engagement of the Accreditation Panel (through the Secretariat) with applicants during the accreditation and reaccreditation process.</p> <p>1.3. Develop standardized training materials covering each targeted funding window. Additional material can be developed covering specific themes e.g., accreditation, E&amp;S, Gender, EbA, LLA, material change etc</p>	<p>workshops addressing gaps in accreditation, project development and implementation</p> <p>1.2.2. Number of country exchanges</p> <p>1.2.3. Number of webinars held per year</p> <p>1.2.4. One annual report/publication consolidating capacity gaps, solutions and impacts from grant and non-grant readiness activities (to possibly inform annual work planning)</p> <p>1.2.5. One best practice report/publication on delivery of capacity building (focused regionally or thematically)</p> <p>1.3.1. At least one training packages/materials/modules developed per year.</p>	<p>1.3 To be determined (as part of the annual readiness work plan)</p>

Expected Results	Expected Outputs (delivery methods)	Activities	Output indicators	Tentative budget
	<p><b>processes</b> (including accreditation, readiness, project cycle, KM, communications) to:</p> <p>a) maximize Fund effectiveness and relevance to country needs as articulated in in national adaptation planning processes, including NAPs, NDCs, and Adaptation Communications;</p> <p>b) enhance the Fund's impact through strong and streamlined scale up processes and pathways</p>	<p>1.4. Technical Assistance grants: increase amount to up to US\$ 50,000 &amp; broaden scope and eligibility criteria to access TA grants once per accreditation cycle for ESP and GP &amp; expand to other areas of technical expertise needed by the NIEs and include RIEs e.g. EDA/LLA, innovation, evaluation; also consider expanding eligibility to RIEs</p> <p>1.5 Prepare options for supporting DAs through assistance provided regionally or globally</p> <p>1.6 Enhance partnerships and synergies with other climate finance providers to maximize readiness and capacity-building support to developing countries, expanding focus to capacity building for the implementation of adaptation priorities identified in NDCs, NAPs and other national adaptation strategies and plans to increase access to all AF funding windows.</p>	<p>1.4.1. Number of TA grants approved per year</p> <p>1.5.1. Number of DAs attending readiness events per year</p> <p>1.6.1. Number of non-AF capacity building events where AF contributed to training and awareness raising on implementation of NAPs, NDC and other National Plans using AF funding.</p>	<p>1.4 To be determined (depending on demand)</p> <p>1.5 To be determined</p> <p>1.6 In-house resources</p>

Expected Results	Expected Outputs (delivery methods)	Activities	Output indicators	Tentative budget
		<p>1.7 Development of Readiness outreach dedicated to RIEs regarding regional programming;</p> <p>1.8 Enhance targeted training to NIEs and RIEs for project pipeline development for all AF funding windows</p> <p>1.9 Enhance support for accreditation and project development by piloting establishment of regional support (initially piloting regional availability of readiness and capacity building support personnel via consultants)</p> <p>2.1 AF-TERG to consider a thematic evaluation on readiness to assess opportunities to advance effectiveness and efficiency in AF's delivery of readiness and capacity building support</p> <p>3.1 Enhance the accreditation/reaccreditation on IT systems for a self-automated access through the AF website, connection, e-learning process &amp;</p>	<p>1.7 Number of workshops and training events targeting RIEs</p> <p>1.8 Number of training events focused on proposal writing and project pipeline development</p> <p>1.9 Regional capacity building delivery presence established in Africa, Asia, and LAC regions</p> <p>2.1.1 One evaluation report every 3 years</p> <p>3.1.1. Automated process established and running to facilitate accreditation and reaccreditation</p>	<p>1.7 To be determined (as part of the annual readiness work plan)</p> <p>1.8 To be determined (as part of the annual readiness work plan)</p> <p>1.9 To be determined</p> <p>2.1 In house resources (as part of AF-TERG work plan)</p> <p>3.1 US\$ 1 million over 5 years for improving IT systems incl. website, FIF platform and accreditation workflow</p>

Expected Results	Expected Outputs (delivery methods)	Activities	Output indicators	Tentative budget
		<p>Improve IT synergies between the Workflow and the FIF Platform.</p> <p>3.2 Support DAs and NIEs in identifying adaptation themes, sector and/or target groups with high adaptation relevance, impact potential and/or low representation as part of implementation of country strategies</p>	<p>3.2.1 Number of DA and NIE requests for support in identifying adaptation themes, sector and/or target groups with high adaptation relevance, impact potential and/or low representation, responded to</p>	<p>3.2 To be determined</p>
<p><b>3) Evidence for effective action generated and results replicated and scaled up</b></p> <p>Developing countries readied to generate results and evidence from early and high-impact adaptation interventions in relevant sectors and themes for scaling up with support from other climate funds and actors</p>	<p>1. Expand existing project scale-up grants to up to US\$ 300,000 to support the scaling up of successful AF projects (incl. concrete projects, innovation, and EDA projects)</p> <p>2. Build on existing AF-GCF project scale up framework &amp; explore further partnerships with other adaptation funders for scaling up</p>	<p>1.1 Increase amount to US\$ 300,000 and expand scope of activities and eligibility: open up to scaling up of innovation &amp; EDA projects</p> <p>2.1 Expanding AF-GCF scale up framework</p> <p>2.2 Consider and explore developing a structured approach for creating and maintaining strategic partnerships and synergies with other adaptation funders and</p>	<p>1.1.1 Number of scale-up grants approved per year</p> <p>2.1.1 Revised AF-GCF scale up framework to cover all projects</p> <p>2.1.2 At least 30 projects screened for scaling up between AF and GCF</p> <p>2.2.1 Finalize a partnership framework for engagements with other partners including climate funds (MoU or operational framework)</p>	<p>1.1 To be determined (based on demand)</p> <p>2.1 In-house resources</p> <p>2.2 In-house resources</p>

Expected Results	Expected Outputs (delivery methods)	Activities	Output indicators	Tentative budget
		actors, e.g. a partnership or scaling up framework		

\*Note: the numbers of proposals to be approved depend on the quantity and the quality of the proposals submitted, which is largely outside the control of the Fund.

## Strategic Pillar 2: Innovation

**Outcome:** Modalities for funding the development and diffusion of innovative adaptation practices, tools and technologies expanded, risk-taking encouraged, and linkages to learning strengthened

### Outputs/ Expected results

*I. New innovations and risk-taking encouraged and accelerated*

Development of innovative adaptation practices, tools and technologies encouraged and accelerated, including solutions with high impact potential even if it comes with a higher risk of failure

*II. Successful innovations replicated and scaled up*

Innovative adaptation practices, tools and technologies that have demonstrated success in one country spread to new countries/regions or are scaled up from smaller to larger scales

*III. Access and capacities enhanced for designing and implementing innovation*

Access and capacities enhanced, knowledge generated, and awareness raised, for implementing entities and non-accredited actors to design and implement innovative adaptation solutions

*IV. Evidence base generated and shared (linkage with learning and sharing pillar)*

Evidence on the conditions that lead to successful innovation generated and shared, and partnerships, iteration, learning and adaptive management encouraged. Evidence of effective, efficient adaptation practices, products and technologies generated as a basis for implementing entities and other funds to assess scaling up.

11. This Strategic Pillar represents a continuation and expansion of the innovation pillar that was launched and developed during the MTS 2023 to 2027 period.

### 12. Delivery model/ Main activities:

- Support innovation projects and programmes with the aim of unlocking higher-risk, higher-reward opportunities in adaptation
- Support innovation in line with UNFCCC mission and drawing upon resources and processes that can support the Fund's effectiveness in this area (such as through alignment and synergies with UNFCCC technology framework incl. Technology Needs Assessments and Technology Action Plans)
- Expanding and encouraging access to innovation grants, including by non-accredited actors
- Exploring further opportunities and modalities that can create space for innovation and risk-taking
- Explore options to mobilize additional finance towards climate change adaptation and in support of social innovators and entrepreneurs, in line with the efforts underway to explore optional co-financing to enable scaling up. (This could include the establishment or use of additional innovative financial instruments to enable blended-financed arrangements.)
- Support innovation projects and programmes that involve new and non-conventional actors, , underserved areas and beneficiaries, or emerging themes.
- Seek to support and involve innovation ecosystems, globally and at country level by embedding elements towards this in both executing the Innovation Facility and in the project design and implementation.



- Seek and explore partnerships with the possibility to provide support particularly in terms of technical assistance for Fund's innovation projects/programmes.
- Support capacity-building and readiness for innovation to increase countries' and entities' awareness and capacity for developing and implementing innovation projects, including for target groups such as women, youth, indigenous people and NIEs.

**INNOVATION PILLAR – Modalities for funding the development and diffusion of innovative adaptation practices, tools and technologies expanded, risk-taking encouraged, and linkages to learning strengthened**

Expected Results	Expected Outputs (delivery methods)	Activities	Output indicators	Tentative budget
<p><b>1) New innovations and risk-taking encouraged and accelerated</b></p> <p>Development of innovative adaptation practices, tools and technologies encouraged and accelerated, including solutions with high impact potential even if it comes with a higher risk of failure</p>	<p>1. Large grants for innovation of up to US\$ 5 million per project to roll out innovative solutions (with the possibility of bundling)</p> <p>2. Small grants for innovation to NIEs (with the possibility of bundling)</p> <p>3. Adaptation Fund Climate Innovation Accelerator (AFCIA) expanded</p>	<p>1.1 Develop options for enhancing Innovation Large Grants to encourage risk-taking and encourage multi-stakeholder partnerships</p> <p>2.1 Further simplify access of small grants for innovation for NIEs</p> <p>2.2 Develop options and policies for bundling innovation grants with other small grants</p> <p>3.1 Explore options for coordination particularly on TA, KM and scaling-up processes and pathways</p>	<p>1.1.1 Revised modalities for Large Innovation Grants enabling risk taking and Partnerships.</p> <p>2.1.1 Guidance on project structure, including a menu of innovation elements + readiness support</p> <p>2.2.1 Options and policies developed and considered</p> <p>3.1.1 Processes developed, e.g., TA support via innovation partners</p>	<p>1. Large grants for innovation (\$5 M): US \$30 M/year</p> <p>2. Small grants for innovation (US \$250 K): US \$1.5 M/year (6 proposals/year)</p> <p>3. AFCIA: US\$ 100M total (2 rounds of funding)</p>
<p><b>2) Successful innovations replicated and scaled up</b></p> <p>Innovative adaptation practices, tools and technologies that have demonstrated success in one country spread to new countries/ regions or are scaled</p>	<p>1. Existing large grants for innovation of up to US\$ 5 million per project to roll out innovative solutions (with the possibility for bundling with other funding options)</p> <p>2. Enhance support for scaling up innovation projects through exploring establishment or use of additional innovative financial instruments to enable blended-financed arrangements.</p>	<p>1.1 Pilot indicators for Innovations and inform the updates to the Fund's Strategic Results Framework and Core Impact Indicators – in consultation with the AF-TERG</p>	<p>1.1.1 Number of innovation projects monitored applying pilot innovations indicators.</p> <p>1.1.2 Innovation specific updates to the Strategic Results Framework, Results Tracker, Core Indicators and PPR Template proposed and approved</p>	<p>1.1 In house resources</p>

Expected Results	Expected Outputs (delivery methods)	Activities	Output indicators	Tentative budget
up from smaller to larger scales	3. Enhance partnerships with other Funds and support providers	<p>2.1 Consider developing a scale up approach for innovation &amp; innovation ecosystem assessment (based on TERG evaluation of innovation)</p> <p>2.2 Consider possibility for co-financing and/or blended finance instruments for innovation scaling up</p> <p>3.1 Explore partnerships with other funders for scaling up</p>	<p>2.1.1 Assessment of a scale-up approach completed</p> <p>2.2.2 Assessment of co-financing and/or blended finance instruments for innovation scaling up completed</p> <p>3.1.1 Assessment of partnerships with other funders for scaling-up completed</p>	<p>2.1 In-house resources</p> <p>2.2 In house resources</p> <p>3.1 In house resources</p>
<p><b>3) Access and capacities enhanced for designing and implementing innovation</b></p> <p>Access and capacities enhanced, knowledge generated, and awareness raised, for implementing entities and non-accredited actors to design and implement innovative adaptation solutions</p>	<p>1. Expanding access to existing small innovation grants for NIEs to encourage and accelerate new innovations in adaptation</p> <p>2. Expand existing AF Climate Innovation Accelerator micro-grant mechanism through additional delivery partners and by increasing to US\$ 5 to 10 million</p> <p>3. Closer involvement of national innovation ecosystems</p> <p>4. Partnerships for support, namely technical assistance for Fund's innovation projects/programmes.</p>	<p>1.1 Expand and simplify access for NIEs to small innovation grants</p> <p>2.1 Launch Request for Proposals for additional delivery partners</p> <p>3.1 Options for elements of innovation ecosystem role in Innovation Facility and in the project design and implementation.</p> <p>4.1 Identify partners and establish partnerships e.g. collaborate with UNFCCC</p>	<p>1.1.1 Updated guidance for NIE small innovation grants</p> <p>2.1.1 Number of AFCIA projects approved during the first and second Requests for Proposals</p> <p>3.1.1 Number of innovation projects approved</p> <p>4.1.1 Number of events, trainings or materials developed jointly with</p>	<p>1.1 In house resources</p> <p>2.1 To be determined</p> <p>3.1 To be determined</p> <p>4.1 To be determined</p>

Expected Results	Expected Outputs (delivery methods)	Activities	Output indicators	Tentative budget
		TEC on activities that target both NDEs and DAs & with the GCF on innovation readiness through CPDAE	partners (e.g. TEC and GCF)	
<p><b>4) Evidence base generated and shared (<i>linkage with learning and sharing pillar</i>)</b></p> <p>Evidence on the conditions that lead to successful innovation generated and shared, and partnerships, iteration, learning and adaptive management encouraged.</p> <p>Evidence of effective, efficient adaptation practices, products and technologies generated as a basis for implementing entities and other funds to assess scaling up.</p>	<p>1. Expand access to existing small grants for innovation for NIEs to generate and share an evidence base on new innovations</p> <p>2. Enhance learning and sharing of knowledge on innovation in adaptation</p> <p>3. Enhance linkages and synergies between innovation, learning and sharing and project scale up</p>	<p>1.1 Innovation Learning Missions (between NIE projects, NIE to MIE projects)</p> <p>2.1 Make use of learning grants for innovation specific learning</p> <p>2.2 Establish community of practice for innovation</p> <p>2.3 Enhance learning and sharing of knowledge on innovation in adaptation through establishing or contributing to relevant innovation-adaptation fora on a regular basis</p> <p>2.4 Develop joint knowledge products with partners (e.g. AFCIA partners, but also UNFCCC TEC, Climate KiC) to share lessons and best practices</p>	<p>1.1.1 Minimum 5 Learning Missions to Innovation Projects Under Implementation</p> <p>2.1.1 Number of Innovation Grant proposals (small and large) approved alongside Learning Grants (available to NIEs only)</p> <p>2.2.1 Community of practice for innovation established</p> <p>2.3.1 Two-three conferences on Innovation for Adaptation organized/co-organized with partners</p> <p>2.4.1 number of publications and side events (with a recording or summary)</p>	<p>1.1.1 To be determined</p> <p>2.1.1. To be determined</p> <p>2.2.1 To be determined</p> <p>2.3.1 To be determined</p> <p>2.4.1 \$550,000 (includes FY23 budget)</p>

Expected Results	Expected Outputs (delivery methods)	Activities	Output indicators	Tentative budget
		3.1 Linkage between innovation, learning, and scale up grants  3.2 Open scale up grants for innovation projects	3.1.1 Number of projects that combine small grants  3.1.2 Innovation projects that draw scaleup funding  3.2.1 Number of innovation grants (Small and Large) scaled up	3.1 In-house resources  3.2 To be determined

*\*Note: the numbers of proposals to be approved depend on the quality of those proposals, which is largely outside the control of the Fund.*

### Strategic Pillar 3: Learning and Sharing

**Outcome:** Knowledge and evidence, including local and indigenous knowledge, on effective and innovative adaptation action and finance is generated and disseminated with various stakeholders for application

**Outputs/ Expected results:**

- 1) *Knowledge generation and dissemination of learning on effective and innovative local adaptation increased and expanded*  
Knowledge and evidence on high quality, innovative and local-level adaptation action and efficient adaptation finance processes, including local, indigenous and traditional knowledge where relevant, generated and disseminated with a wide range of actors
- 2) *Capacity to capture and disseminate learning strengthened*  
Developing countries' and implementing entities' capacities to capture and disseminate project-level learning strengthened to help inform national and sub-national adaptation strategies and planning processes
- 3) *Knowledge partnerships expanded and outreach increased*  
New knowledge partnerships created to expand knowledge generation and outreach and visibility of Fund's knowledge products increased

2 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 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

#### **Delivery model/ main activities**

The Fund will catalyse the capturing of project level and Fund level learning and knowledge sharing across the Fund's operations:

- Expand learning grants to facilitate south-south learning and sharing on best practices, including lessons on successes and failures
- Highlight and actively communicate on local communities and vulnerable groups' adaptation experiences and roles as "agents of change"
- Support capacities of recipient countries and implementing entities for enhanced project-level learning processes to capture lessons and learning from the Fund's portfolio of concrete projects/programmes (action pillar) and innovation facility (innovation pillar)
- Support communities of practice and local-level partnerships on topics relevant for locally based and locally led adaptation
- Increase production and dissemination of Fund and IE knowledge products on best practices and emerging areas in adaptation finance that reflect diverse stakeholders' and beneficiaries'

perspectives, including where relevant indigenous and traditional knowledge, as well as intersectional perspectives, including on climate adaptation innovations

- Increase outreach and visibility of Fund's knowledge products and activities, including through knowledge events and thematic podcasts
- Engage in more structured and strategic partnerships with research institutions, academia, and knowledge networks at international level and within countries with the aim of involving various actors in knowledge generation
- Participate and contribute to more thematic communities of practice aimed at sharing best practices and lessons learned and sharing the Fund knowledge work
- Develop an open data platform of the Fund that makes key adaptation information collected through AF funded projects open and accessible, and enables generating, analyzing and sharing evidence on effective adaptation measures to contribute to the global science and practice of adaptation and to enhance future project design and scaling up.
- Develop processes to enhance effectiveness of adaptation action and leverage the adaptation Fund's portfolio to contribute to the science and practice of adaptation globally (linkage to learning and sharing pillar); and
- Enhance learning and sharing of knowledge on innovation in adaptation

**LEARNING AND SHARING PILLAR**– *Knowledge and evidence, including local and indigenous knowledge, on effective and innovative adaptation action and finance is generated and disseminated with various stakeholders for application*

Expected Results	Expected Outputs (delivery methods)	Activities	Output indicators	Tentative budget
<p><b>1) Knowledge generation and dissemination of learning on effective and innovative local adaptation increased and expanded</b></p> <p>Knowledge and evidence on high quality, innovative and local-level adaptation action and efficient adaptation finance processes, including local, indigenous and traditional knowledge where relevant, generated and disseminated with a wide range of actors</p>	1. Expand learning grants to facilitate south-south learning and sharing on best practices, including lessons on successes and failures	1.1 Increase learning grants to US\$ 500,000 incl. to cover cross learning within AF NIE portfolio	1.1.1 Number of learning grants approved along with innovation Number of small grants	1.1 \$5 million over 5 years (500K for small learning grants – 2 proposals per year)
	2. Increase production, dissemination and visibility of Fund and IE knowledge products on best practices and emerging areas in adaptation finance, including locally led adaptation and innovation	1.2 Expand learning grant for MIE/RIE to develop joint studies with the Fund’s secretariat on best practices and lessons learnt	1.2.1 Number of studies/best practices and lessons learned in collaboration with MIE/RIE	1.2 \$15,000 per year for 5 years period
	3. Promote locally led adaptation by sharing local communities and vulnerable groups’ adaptation experiences and roles as “agents of change”, including indigenous and traditional knowledge and intersectional perspectives	1.3 Develop options for a pilot learning grant for non-accredited entities to generate knowledge on AF funded projects and initiatives (e.g., CSO, indigenous or youth organization, academia)	1.3.1 Number of grants approved pending board approval of the proposed options	1.3 \$1 M over 4 years
	4. Increase Fund’s knowledge work on evidenced-based results in collaboration with AF-TERG	1.4 Brief analysis of learning grants monitoring reports with highlights of best practices and challenges	1.4.1 Number analytical reports related to learning grants produced and disseminated	1.4 \$5000 every 24 months starting in FY25
	5. Promote Fund’s leadership as knowledge broker among adaptation actors and funders	2.1 E-learning courses on LLA, innovation targeted for youth, and mainstreaming gender throughout the project lifecycle & translation	2.1.1 Number of e-learning courses on different topics produced and disseminated (at least 4)	2.1 \$20,000 for two courses every 24 months starting in FY 24



Expected Results	Expected Outputs (delivery methods)	Activities	Output indicators	Tentative budget
	6. Enhanced analytics of effectiveness of adaptation interventions and results		2.1.2 Number and percentage of IEs which took e-learning courses and increased their knowledge on the concerned topic	
		2.2 KM Studies and lessons learned on different themes and sectors (gender, scaling up framework, etc.	2.2.1 Number of KM studies on different themes and sectors (at least 5 studies)  2.2.2 Number of views and downloads of KM studies published on the AF website	2.2 US\$ 15,000 per year starting in FY25 (\$10,000 allocated in FY24)
		2.3 Translation of key documents/ publications produced with a strong involvement of local actors	2.3.1 Number of documents/publications translated in non-English (or UN) languages	2.3 US\$ 5,000 for translation every year starting in FY24
		2.4 Knowledge exchange for innovation between NIEs and MIEs/RIEs	2.4.1 Number of Knowledge Exchange events organized and/or products generated and disseminated (at least 5 events and at least 5 products)	2.4 US\$ 10,000 for innovation events every year starting in FY24
		2.5 Dissemination of TERG evaluation findings with AF stakeholders through producing and disseminating reader-friendly summaries	2.5.1 Number of evaluations summaries produced in collaboration with TERG and disseminated (at least 8 summaries)	2.5 2 per year
		2.6 Lessons learned summary brief of PMM reports highlighting	2.6.1 Number of PMM lessons learned reports produced and disseminated (2 reports)	

Expected Results	Expected Outputs (delivery methods)	Activities	Output indicators	Tentative budget
		common themes produced and disseminated to IEs		\$15,000 for PMM lessons learned reports every 36 months starting in FY24
		3.1 Joint KM and other events with AF CSO Network and other adaptation indigenous and young people platforms (e.g. at COP, Adaptation Futures)	3.1.1 Number of joint events hosted with AF CSO Network and other adaptation IP and youth platforms (at least 5 events)	3.1 \$10,000 per year for events with AFCSO starting in FY24
		4.1 Joint KM products with AF-TERG on evidenced based adaptation (RTE or joint workshops for IEs on thematic subjects).	4.1.1 Number of joint KM products and workshops with AF-TERG on evidence-based adaptation (at least 4 events)	4.1 In-house resources
		5.1 Establishment of an Adaptation knowledge managers and practitioners' network with all climate funds and other adaptation funders KM officers (similar to a community of practice arrangement)	5.1.1 CoP/practitioner's network established and socialized (at least 1)	5.1 In-house resources
		5.2 Identify Adaptation CoP and other knowledge platforms for further engagement and collaboration (membership or joint event)	5.2.1 Number of knowledge platforms/CoPs identified and no. of quality engagements (sharing material, briefs of CoP, events organized) (at least 2 knowledge platforms )	5.2 In-house resources

Expected Results	Expected Outputs (delivery methods)	Activities	Output indicators	Tentative budget
		<p>5.3 Publish a joint KM bulletin (annual or bi-annually) with other adaptation funders (best practices and recent developments)</p> <p>5.4 Engage with relevant adaptation stakeholders/networks at regional level to present AF work</p> <p>6.1 Explore options for an open data platform of the Fund that serves as a hub for all data collected through AF funded projects, makes adaptation information open and accessible, and enables generating, analyzing and sharing evidence on effective adaptation measures to inform the global science and practice of adaptation.</p> <p>6.2 Elaborate and update the open-data policy of the Fund and build capacity of the Fund's stakeholders to use and apply the data and evidence generated from the Fund's portfolio</p>	<p>5.3.1 Number of joint bulletins w/ other adaptation funders produced and disseminated (at least 5)</p> <p>5.4.1 Number of engagements with relevant adaptation stakeholders/networks hosted or participated in</p> <p>6.1.1 Number of uploads of data collected through AF funded projects</p> <p>6.2.1 Open data policy drafted for Board consideration</p>	<p>5.3 US\$3,000 per year for 5 years starting in FY24</p> <p>5.4 US\$3,000 per year for 5 years starting in FY24</p> <p>6.1 To be determined</p> <p>6.2 To be determined</p>

Expected Results	Expected Outputs (delivery methods)	Activities	Output indicators	Tentative budget
<b>2) Capacity to capture and disseminate learning strengthened</b>  Developing countries' and implementing entities' capacities to capture and disseminate project-level learning strengthened to help inform national and sub-national adaptation strategies and planning processes	1. Support capacities of recipient countries and implementing entities for enhanced project-level learning processes to capture lessons and learning from the Fund's portfolio of concrete projects/programmes (action pillar) and innovation facility (innovation pillar)	1.1 Training events/webinars on knowledge management and effective ways to capture lessons learned in the yearly reporting of IEs	1.1.1 Number of events/webinars for recipient countries on KM and effective ways to capture lessons learned (at least 5 webinars)	1.1 US\$ 2,000 per year for 5 years starting in FY24
		1.2 Brief summaries of lessons learned from the implementation of projects around certain themes/sectors	1.2.1 Number of lessons learned summaries produced and disseminated (5 publications)	1.2 US\$ 20,000 per year starting in FY24
		1.3 Bi-annual newsletter collecting LLA-related knowledge products/initiatives from IEs collected and disseminated among IEs	1.3.1 Number of newsletters on LLA knowledge produced and disseminated (5-10 newsletters)	1.3 US\$3,000 per year starting in FY24
	2. Support capacities of recipient countries and IEs for enhanced monitoring and evaluations	2.1 Guidance notes on capturing learning around different themes such as gender, LLA, co-benefits.	2.1.1 Number of guidance notes for capturing learning from AF portfolio on different themes (gender, LLA, etc.) (5 guidance notes)  2.1.2 Number and percentage of IEs which include lessons learned and best practices on different themes such as gender, LLA, co-benefits in the PPR per APR reporting period	2.1 US\$50,000 over 5 years starting in FY24
		2.2 Joint AF-TERG and AFSEC (KM and RBM) events on Fund's monitoring and evaluation	2.2.1 Number of joint AF-TERG and AFSEC events organized under readiness for cross learning on	2.2 In-house resource (under normal readiness workplan)

Expected Results	Expected Outputs (delivery methods)	Activities	Output indicators	Tentative budget
		socialization as cross-learning event among IEs  2.3 Joint AFSEC and AF-TERG ad hoc support to IEs on RBM and EP guidance notes and templates	Fund's monitoring and evaluation socialization  2.3.1 Number of joint AFSEC and AF-TERG adhoc support to IEs and RBM and EP (at least 5 meetings)	2.3 US\$60,000 over 5 years starting in FY24
<b>3) Knowledge partnerships expanded, and outreach increased</b>  New knowledge partnerships created to expand knowledge generation and outreach and visibility of Fund's knowledge products increased	1. Support communities of practice and local-level partnerships on topics relevant for locally based and locally led adaptation  2. Engage in more structured and strategic partnerships with research institutions, academia, and knowledge networks at international level and within countries with the aim of involving various actors in knowledge generation  3. Participate and contribute to more thematic communities of practice aimed at sharing best practices and lessons learned and sharing the Fund knowledge work 4. Collaboration between the Fund and the evaluative function/ TERG  5. Enhance Fund-level learning between Fund stakeholders, incl. Board, Secretariat, AF-	1.1 Support to Community of Practice on LLA activities	1.1.1 Number of engagements with LLA COPs (at least 5 events/meetings/collaborations)	1.1 In-house resources
		2.1 Engage with LLA partnerships with relevant initiatives, research instructions, knowledge networks etc.	2.1.1 Number of engagements with LLA partnerships (at least 5 events)	2.1 In-house resources
		2.2 Organization of webinars with LLA CoP partners where lessons learned from knowledge products related to LLA can be discussed and shared	2.2.1 Number of webinars/engagements with LLA CoP partners organized (at least 5 webinars)	2.2 US\$ 1000 per year starting in FY24
		3.1 Yearly dedicated events/workshops to share lessons from AF portfolio and raise awareness on the Fund's leadership in adaptation, innovation, LLA, and scaling up	3.1.1 Number of events yearly related to innovation, LLA and scaling up (1-2 per year)	3.1 US\$ 10,000 per year starting in FY24
		4.1 Brief summaries of project evaluations	4.1.1 Number of summaries of project	4.1 US\$ 2000 per eyar starting in FY24

Expected Results	Expected Outputs (delivery methods)	Activities	Output indicators	Tentative budget
	TERG, IEs, AF CSO Network/ civil society etc.	<p>produced and disseminated to IEs</p> <p>5.1 Joint participation of AF Board members, members of CSO network and AF-TERG in project monitoring missions alongside the secretariat</p> <p>5.2 Joint participation of AF Board members, members of the CSO network and AF-TERG in country exchanges/ knowledge fares alongside the secretariat</p>	<p>evaluations (at least 5 summaries)</p> <p>5.1.1 Frequency of participation of Board members, CSOs and AF-TERG in PMMs</p> <p>5.2.1 Frequency of participation of Board members, CSOs and AF-TERG in country exchanges</p>	<p>5.1 In-house resources</p> <p>5.2 In-house resources</p>

*\*Note: the numbers of proposals to be approved depend on the quantity and quality of proposals received by the Fund, which is largely outside the control of the Fund.*

**ACROSS PILLARS – Linkages and synergies between support for adaptation action, innovation and learning and sharing are enhanced**

Expected Result	Expected Outputs (delivery methods)	Activities	Output indicators	Tentative budget
<p><b>Linkages and synergies between support for adaptation action, innovation, and learning and sharing are enhanced</b></p>	<p>1. Enhanced linkages and synergies between action, innovation, learning grants</p> <p>2. Enhanced readiness programme to provide capacity-building support for action, innovation and learning and sharing</p> <p>3. Explore ways to identify and support novel sectors, themes, target groups with high relevance for adaptation, high impact potential and/or relatively low representation in adaptation portfolios to date (while maintaining and ensuring country ownership and drivenness)</p> <p>4. Contribute to the evolving work under the Convention related to operationalizing loss and damage finance based on the AF experience &amp; explore synergies with related institutions and processes</p>	<p>1.1 Joint activities such as Project Monitoring Missions (PMM) for concrete projects, innovation grants, learning, and scale up grants</p> <p>1.2 Fund's programming and monitoring to include options for linkages between pillars</p> <p>1.3 Flexibility to allow countries design and implement projects using multiple windows (from 3 pillars)</p> <p>2.1 Enhanced Readiness Programme to serve all pillars as a cross-cutting support programme</p> <p>2.2 Readiness activities for NIE capacity to design integrated programs within 3 pillars including under CPDAE</p> <p>3.1 Board to explore and consider options for addressing novel sectors,</p>	<p>1.1.1 At least 4 PMM covering multiple windows projects implemented by single IE</p> <p>1.2.1 At least 10 countries access several windows of the Fund synergistically to enhance the impacts of their projects</p> <p>1.3.1 Modalities for enabling multi-window programmes are in place.</p> <p>2.1.1 Readiness event to present options for multi-window programming</p> <p>3.1.1 Modalities of various windows are revised, increasing synergy,</p>	<p>1.1 In-house resources</p> <p>1.2 In-house resources</p> <p>1.3 In-house resources</p> <p>2.1 To be determined (as part of readiness work plan)</p> <p>2.2 To be determined (as part of readiness work plan)</p> <p>3.1 To be determined</p>

Expected Result	Expected Outputs (delivery methods)	Activities	Output indicators	Tentative budget
		<p>themes, target groups with high relevance for adaptation, high impact potential and/or relatively low representation in adaptation portfolios to date</p> <p>4.1 Participate in the relevant meetings or workshops and contribute to the process related to funding arrangements for responding to loss and damage, as relevant and appropriate, considering the relevant CMA decisions and in coordination with the UNFCCC Secretariat</p> <p>4.2 Call for submissions on how the AF might enhance access and availability of dedicated finance for AF activities related (in the context of the Glasgow Climate Pact) to Avert, and Minimize Loss and Damage in order to support the operationalization of activities relevant to address Loss and Damage financing.</p> <p>5.1 Enhancing the AF IT systems for further</p>	<p>diversity and impact of the Fund's portfolio.</p> <p>4.1.1 Number of meetings/workshop where AFB Secretariat participated and a number of occasions where the AFB Secretariat provided input</p> <p>5.1.1 DA contacts and accreditation statuses of</p>	<p>4.1 In house resources</p> <p>5.1 US\$ 1 million over 5 years</p>



Expected Result	Expected Outputs (delivery methods)	Activities	Output indicators	Tentative budget
		automating Fund's operations (Accreditation workflow, FIF platform and external website)	IEs integrated in the FIF platform to be used for automated proposal screening  5.1.2 Online project proposal submission systems established for all funding windows  5.1.3 Dashboard for RBM established  5.1.4 Beautification of the external website  5.1.5 The presentation of information on the website assessed and improved	

## Crosscutting Themes

### 1) Promote locally based or locally led adaptation actions

3 As part of the new MTS, the Fund seeks to further enhance and expand its support for locally-based and locally-led adaptation in order to contribute to its mission of accelerating effective adaptation action, innovation and learning in developing countries. Relevant outputs and activities have been integrated into the strategic pillars in a cross-cutting manner.

- a. Under the action pillar, the Fund will continue to support concrete adaptation projects and programmes that meaningfully involve and deliver benefits to local actors and the Board will be invited to consider enhanced project review criteria, proposal templates and guidelines, as well as revised project reporting requirements. To expand support to modalities that promote locally led action, and expand the reach of the Fund, it is proposed to enhance measures, including the existing Enhanced Direct Access window, a new Global MIE Aggregator programme for channelling grants for LLA to non-accredited entities, and opening the option for EDA-type national programmes for MIEs and RIEs. The proposed new aggregator programme would resemble the model of the AF Climate Innovation Accelerator (AFCIA) but would be focused on LLA. Accredited MIEs could be invited to express interest for administering such a programme, especially those MIEs that are active in LLA relevant themes, sectors and target groups. Such a vehicle for LLA grants through global MIE aggregators would also be an opportunity, among others, for the Board to identify, on a pilot basis, sectors, themes or target groups with high impact potential or relevance for adaptation and/or that are currently being underrepresented in adaptation, such as related to health, biodiversity and nature-based solutions, fragile and conflict-affected settings, Indigenous Peoples etc.
- b. Under the innovation pillar, the Fund will expand its existing portfolio of “locally led adaptation” under the Adaptation Fund Climate Innovation Accelerator (AFCIA) by inviting further delivery partners for channelling grants to non-accredited entities for innovation.
- c. Under the learning and sharing pillar, the Fund will expand its knowledge base and knowledge products on successful and efficient adaptation actions involving local actors through different modalities, and will enhance its participation in the community of practice for locally led adaptation. It will promote locally led adaptation by sharing local communities and vulnerable groups’ adaptation experiences and roles as “agents of change”, including indigenous and traditional knowledge and intersectional perspectives.

4 Recognizing the specific nature of LLA interventions which require dedicated capacity and significant resources for successful project implementation, the Fund will further explore options to promote awareness and support capacities for LLA financing models through the Fund’s accreditation and re-accreditation process and the Fund’s enhanced readiness programme.

### 2) Enhance access to climate finance and long-term institutional capacity

5 Under the MTS 2023-2027, the Fund aims to further enhance developing countries’ access to the Fund’s resources and their capacity to programme these resources through simplified, streamlined and efficient processes. This in turn will help countries and institutions to build capacities and track record to leverage the diverse array of funding windows available under the

Fund as well as other sources of climate finance. To ensure that the Implementing Entities have the competencies and capacities required for accessing the various funding windows, including for locally led adaptation, innovation, and learning, the Fund could consider options for finetuning its readiness programme to increase the effectiveness and efficiency of delivery of support.

6 Under the action pillar, the Fund will strive for expanded reach and increased impact of single-country projects and their increased contribution towards national priorities as expressed in national adaptation frameworks under the Paris Agreement, including NAPs, NDCs etc., with increasing delivery through direct access. For regional projects, the Fund will aim at enhancing learning and sharing across sectors and landscapes by addressing additional relevant adaptation sectors, themes and target groups. The Fund will also work towards increasing and simplifying access for NIEs to small grants for innovation, as well as access by non-accredited entities to micro-grants through the AFCIA. Large grants of innovation will help increase access by different stakeholders by encouraging risk-taking and multi-stakeholder partnerships.

7 In addition, the Fund aims to expand its capacity-building support through an enhanced Readiness Programme that serves all three pillars of the MTS, with dedicated support being delivered not only for accreditation and concrete projects/programmes, but also for the new funding modalities for locally led adaptation, innovation and learning and sharing. The enhanced Readiness Programme will provide more comprehensive and iterative support through readiness grants and procurement for enhanced support to accredited NIEs including to the Fund's Designated Authorities. The readiness programme will enhance support for the accreditation of two NIEs per country and will support strengthening the technical expertise of NIEs during and post-accreditation. Enhanced support for projects post-accreditation will include iterative and targeted support for project development and project implementation, and will enhance collaboration with other readiness providers and stakeholders to maximize impact. Under the learning pillar, increased synergies with the Fund's knowledge management unit to enhance access to learning grants and knowledge products on various themes with a focus on local stakeholders and locally led action will also contribute to increasing access of vulnerable groups and local communities to climate finance.

8 To this end, it is proposed to broaden the scope and to increase the available maximum amount of existing technical assistance (TA) grants. It is also proposed to explore expanding the reach and eligibility for TA grants to RIEs based on needs for strengthening their ESP and GP related capacities, especially under specific funding windows and ESP and GP related issues such as related to innovation, locally led adaptation, evaluation, SEAH, etc.

9 In addition to expanding the existing readiness grants, dedicated support to the Fund's Designated Authorities (DAs) and focal points would have great potential to enhance countries' access to climate finance and their long-term institutional capacities. Since AF grants can only be accessed by accredited IEs, the Board aims to consider options for supporting DAs through other modalities, such as through procurement and/or other support delivered through regional assistance providers. Since DAs and focal points are appointed as individuals, their high turnover is barrier towards building long-term institutional capacities. The Board might wish to consider changing the relevant provisions in the Fund's OPG for institutions rather than individuals to serve as DAs and focal points, which is a model followed by some other funds. Strengthening DA capacities will be critical to maximize the Fund's relevance to country needs as articulated in national adaptation planning processes, including NAPs, NDCs, and Adaptation Communications.

10 To identify further gaps and recommendations for enhancing existing capacity-building instruments and grants, an evaluation of the readiness programme could be undertaken, potentially by the AF-TERG.

### **3) Empower and benefit the most vulnerable people and communities as agents of change**

11 The Fund-supported projects are required not only to identify the most vulnerable and marginalized groups, but also to address the specific threats and obstacles that hinder their empowerment. Activities also invest in capacity building of the most vulnerable as well as local or national entities that work with them, promoting inclusive governance in adaptation planning and implementation. Under the second MTS, the Fund aims to further expand this approach by focusing on the empowerment of vulnerable people and communities as agents of change.

12 To this end, the Fund will further strengthen the ESP and GP related sections in project proposal templates and review criteria, as well as reporting requirements, in view of the evolving understanding of risks and opportunities to ensure quality. It will also keep the ESP and GP and their respective guidance documents updated, as necessary. Under the innovation pillar, innovation grants will continue to empower and benefit vulnerable people and communities, including women, youth, indigenous peoples, as agents of change and active leaders in their communities. Under the learning and sharing pillar, the Fund will capitalize on its knowledge and products to highlight the important and active role that beneficiaries and affected communities play in shaping project outcomes and transformative change on the ground. Such roles can even be formalized through, such as, relationships with executing entities. The Enhanced Readiness programme will continue and expand its support to NIEs, and based on needs, possibly to RIEs also, for ESP and GP related capacities and needs.

### **4) Advance gender equality**

13 The Fund under the second MTS reaffirms its commitment to advancing gender equality and the empowerment of women and girls. It will continue to implement its Updated Gender Policy and Action Plan which is human rights-based and congruent with the relevant international instruments and to further advance gender equality and gender mainstreaming throughout the Fund's processes and operations. The Fund will consider how to further support IEs in strengthening gender considerations and vulnerability assessments beyond applying gender-disaggregated data in project design and implementation. The Fund will develop and apply a gender scorecard to track and monitor progress in the implementation of the Fund's Gender Policy at its portfolio level. To raise awareness on and contribute to enhancing the profile of gender-responsive climate finance, the Fund could consider establishing an AF Gender Award to be bestowed to projects with a strong gender-responsive performance, as well as a Gender Advisory Group which could serve as a platform where different Fund's stakeholders could collaborate with the AFB secretariat in grounding Fund's efforts to implement its Gender Policy and disseminate knowledge, good/best practices and lessons learned from the Fund's gender mainstreaming efforts throughout its operations.

14 In the innovation facility, gender equality remains one of the targeted themes covered by innovation grants. Through its learning and sharing pillar, the Fund will continue and expand the development and dissemination of gender-related knowledge and learning products, guidance and tools and publications, including on gender innovative interventions, to further support IEs and EEs in addressing gender gaps and promoting gender equality in the Fund supported projects and programmes. The Enhanced Readiness programme will continue and expand its support to NIEs for ESP and GP related capacities and needs.

## **5) Enable the scaling and replication of results**

15 As a cross cutting theme, the scaling up of successful AF-funded projects contributes to the Fund's mission of accelerating adaptation action and enhancing access to finance by (i) facilitating and maximizing countries' access to climate finance with reduced transaction costs and improved time efficiency in the overall proposal cycle and (ii) ensuring sustainability and continuation of results achieved after the end of the initial project. The Fund aims to enhance its dedicated support and partnerships with other adaptation funders for the scaling up and replication of AF projects, and for the scaling up of projects supported by other (typically smaller-scale) funders, with AF resources. Building on its pilot scaling up framework with the Green Climate Fund, the Fund will expand its support to countries and entities accessing both Funds to scaleup projects from its entire portfolio.

16 This includes increasing the eligible amount available for the project scale up grants under the readiness programme and expanding their eligibility to include innovation grants and EDA projects. In addition, the Fund plans to develop related project review criteria. The Fund aims to build on the existing AF-GCF project scale up framework and to explore similar partnerships with other adaptation funders for scaling up, particularly to scales larger than those supported by the Fund itself, but also exploring opportunities to make use of AF funding to scale up interventions of other (typically smaller-scale) funders.

17 The Fund aims to increase its linkages between the three pillars of action, innovation, learning to enhance effectiveness of adaptation action and leverage the adaptation Fund's portfolio to contribute to global knowledge and learning on the science and best practices of adaptation.

18 This includes providing capacity building for NIEs to explore programming from multiple windows under the 3 pillars with aim to enhance the projects delivery beyond a single sector or thematic. The Fund will also explore ways to improve its review criteria and reporting template to enhance linkages between pillars during project design and implementation.

## **6) Strengthen complementarity, coherence and synergies with other adaptation funders and actors**

19 Under the first MTS, the Fund has continuously strengthened its collaboration with other climate funds, including the GEF, GCF and CIFs, including through the annual dialogue of climate funds and other operational initiatives at secretariats' level, related to accreditation and re-accreditation, direct access, knowledge management, readiness support, results management and the scaling up of successful projects.

20 Under the second MTS, the Fund will further engage with the other funds in the continuing the implementation of the Climate Funds Collaboration Roadmap started since 2020. The Fund will explore avenues for joint programming on the areas of innovation in adaptation but also seeks to engage further on joint learning, communication, and outreach including as part of UNFCCC COPs.

Under the second MTS, the Fund will continue to strengthen complementarity and coherence with other climate funds and UNFCCC bodies across strategic pillars and Fund operations. The Fund will consider ways to develop a more structured and strategic approach to creating partnerships and synergies with other adaptation funders and actors, including civil society and the private sector, including with a view to encouraging the scaling up of AF funded projects and programmes This includes thematic partnerships and synergies with LLA, innovation and knowledge and learning relevant networks and institutions. This will also include consideration of blended funding with other

fundors, including under the innovation pillar. This may also include cooperation to contribute to the evolving work under the Convention related to operationalizing loss and damage finance based on the AF experience and to explore synergies with related institutions and processes.

#### IV. ENABLING ORGANIZATIONAL SYSTEMS

21 The Fund is committed to ensuring effective and efficient organizational systems to enable the implementation of the second MTS 2023 to 2027. This section outlines envisioned new developments and possible adjustments in the Fund internal systems and external relationships.

##### Finance

###### *Resource mobilization*

22 The MTS and this IP have been developed to allow the Fund to fulfil its mandate and mission and to increase its ambition and impact. The Fund is well placed to help accelerate effective adaptation action and enhance efficient access to finance in developing countries. This is based on the Fund's specific mandate of funding concrete adaptation through strengthened national institutional capacities and with tangible results at the local level in the most vulnerable communities that can be scaled up. The strategic priority areas of adaptation action, innovation and learning and sharing have been developed based on the - available science that indicates that these areas are key enabling systems for effective adaptation, when financed through inclusive, transparent and efficient processes. The MTS and IP are striving for increased ambition and impact by consolidating and expanding support under the three pillars and enhancing linkages and synergies between the three pillars, as well as by taking action to further mainstream the six crosscutting themes across operations and processes.

23 However, the current ad hoc and unpredictable nature of resource mobilization continues to limit the Fund's ability to realize the full potential of its strategic vision, mission and its role in the international climate finance architecture. With more steady and predictable resources, the Fund could increase its impact and contribution to meeting global adaptation goals and developing countries' need and priorities under the Paris Agreement. It is important to note that the specific outputs, and especially the activities, indicators, timelines and budgets under each output, while representing an increase in ambition and impact, do not represent the maximum potential or capacity of the Fund's mandate, mission, or institutional set up and governance structure.

24 The Fund's second MTS and IP operate in the context of widening adaptation finance gap and efforts to double global adaptation finance by 2025. The Fund stands ready to channel a growing share of increasing scaled up global adaptation finance from a variety of sources to the most vulnerable. The Fund has high potential to do so through its innovative institutional and governance structure that allows it to receive funding from a variety of sources from both the public and the private sector, including national and sub-national governments, sources alternative to government funding (such as private sector, philanthropies, foundations and individuals), as well as innovative sources of funding such as from international carbon markets and levies.

25 The Board adopted, at its thirty-ninth meeting (October 2022), an updated resource mobilization strategy and action plan for the period from 2022 to 2025. Those two documents guide the resource mobilization efforts of the Board during the first three years of the MTS. The Fund's MTS 2023 – 2027 and its Resource Mobilization Strategy and Action Plan 2022 – 2025 collectively

provide a framework for how the Fund intends to engage with various stakeholders to secure increasing resources from various sources in order to support the most vulnerable communities in adapting to climate change.

26 To date, 25 national and four sub-national contributors have contributed to the Fund over its lifetime. The Fund serving the Paris Agreement and the growing recognition by Parties provides an important opportunity to solicit increased funds from existing contributors or funds from potential new contributors, including in the form of an increasing number and amount of multi-year commitments. Multi-year commitments are important to increase the predictability of AF funding to be able to fund the increasing project pipeline, in the absence of a regular multi-year replenishment process.

27 For contributions from sources alternative to government funding, the Adaptation Fund is the only multilateral climate fund that is authorized to receive financial resources from sources alternative to government funding. The Fund has established a transparent and accountable process for the receipt and management of such resources. In line with the procedural steps approved by the Board in December 2020, contributions can be made in various forms, including financial contributions, in-kind contributions, and other forms of support. The specific procedure for accepting contributions depends on the type of contribution being made. Individuals can also contribute directly to the Fund using the “Donate” button on the website and through a secure online platform.

28 Finally, the Adaptation Fund is also the only multilateral climate fund that can receive alternative and innovative sources for climate finance, including the 5 per cent share of proceeds from transactions under the Paris Agreement’s market mechanism under its Article 6.4 and on a voluntary basis under its Article 6.2. To support the implementation of the MTS, the Fund will engage with relevant institutions to explore opportunities for other alternative funding solutions.

29 In the process of reviewing and updating the current resource mobilization strategy action plan which expires 2025, further alignment of the action plan with the MTS and MTS IP will be made based on the experiences of the first half of MTS implementation.

### *Resource allocation and management*

30 Under the MTS and MTS IP, resources will continue to be allocated and managed within the Fund's existing framework, which at the beginning of the MTS period consists of a cap of US\$ 10 million for single-country projects and a cap of US\$ 20 million per country, of US\$ 14 million for regional projects/programmes, and a maximum amount of US\$ 5 million for Enhanced Direct Access projects. The regional projects/ programmes and EDA projects have been considered to be outside of the country-specific caps. A collective cap of 50 per cent of the Fund's project/programme resources for multilateral implementing entities. The Board will also keep the level of the country cap, as well as other caps, under review, and amend them if considered necessary, considering both trends among project funding requests as well as the resource situation of the Fund. For increasing impact of and access to funding for the implementation of countries’ NAPs, NDCs etc., the Fund may, through a deliberative process, develop options for raising the cap for single-country and regional projects, and for EDA projects.

31 The Fund aims to increase the impact of single-country projects and their contribution towards national priorities expressed in national adaptation frameworks under the Paris Agreement, including NAPs and NDCs, with an increasing emphasis on direct access and locally-led adaptation.

For regional projects, the aim is to enhance their scope and effectiveness, including by addressing additional relevant sectors, themes, and target groups. This includes but is not limited to health, biodiversity and nature-based solutions, adaptation in fragile and conflict-affected settings, indigenous peoples, and other aspects that are increasingly relevant for effective adaptation. The Fund will also develop particular modalities and incentives for countries, entities, and non-state actors to make use of locally led adaptation approaches.

#### *Addressing risks and assumptions related to funding*

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

33 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. Under the new MTS, the Fund is seeking to encourage more risk-taking in innovation projects. This means that the Fund is willing to take on a certain level of risk associated with financing innovation projects that have not yet been fully tried and tested, and which by definition will not all turn out to be successful. However, the Fund has established a clear framework for managing and minimizing risks related to project failure in innovation projects, if necessary. This framework includes a vision and definition for innovation, as well as objectives and review criteria for innovation projects to ensure that they actively manage risks during project implementation. At the same time, the Fund is committed to keeping risks low for the communities that are involved in these projects. Additionally, the Fund will ensure that it continues to have a diversified project portfolio to manage risks associated with any individual project or set of projects.

## **Internal processes & systems**

### *Governance*

34 The Fund has a well-established governance system, consisting of the Board as the decision-making body, supported by two committees which are 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.

35 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.

36 Any changes to the governance arrangements stemming from the guidance and decisions by the Parties such as, in relation to Fund's transition from the Kyoto Protocol to the Paris Agreement when the share of proceeds under the mechanism of Article 6, paragraph 4 of the Paris Agreement becomes available, will be assessed by the Board from the perspective of the MTS, and the Board may adjust the implementation arrangements of the MTS accordingly.



37 Civil society continues to contribute to the Fund in a variety of ways, including advocacy, resource mobilisation, assessments of supported projects, input from the intended beneficiaries, contribution to Board meetings and inputs to new Fund policies and strategies. The current practices for civil society engagement have been effective in terms of transparency and accountability and have been recognized in independent evaluations to set best practices. In this MTS period, the Board aims to build on this and further enhance its engagement with civil society and other stakeholders across all processes and operations of the Fund. To this end, the Board is currently developing an *Adaptation Fund Vision and Guidelines for Enhanced Civil Society Engagement*. Its objective is to set a clear vision and reinforce the Fund's continued commitment to civil society engagement and streamline in a consistent and comprehensive manner the existing policies and practices together and add new elements that have been proposed by the AF Civil Society Network for consideration by the Board. *[Revise and update this paragraph following AFB.40 and once the vision and guidelines have been approved]*

#### *Monitoring, evaluation and reporting system*

38 The Fund recognizes the importance of monitoring, evaluation, and reporting to track progress towards the MTS's goals. To this end, the Fund could consider updating its results framework with potential new core indicators for tracking progress towards MTS related outcomes and outputs, including locally led adaptation, innovation, gender, access to finance, as well as potential non-mandatory indicators to track co-benefits and scaling up.

39 As part of its effort to enhance its reporting system and better capture and analyse implementation learnings, the Fund will roll out an online submission tool for project performance reports (PPRs) from end mid-2023 and a dashboard to analyse and present reporting indicators in real time including the aggregated core indicators at portfolio level.

40 The Fund will ensure that its monitoring and evaluation system is aligned with the MTS's goals and objectives. The system will focus on measuring the Fund's performance and progress towards achieving the MTS's goals, as well as providing feedback for improvement.

41 As mandated by the CMP/CMA at COP27, the secretariat will explore ways to track and report the aggregated actual impact results for the Fund's portfolio for the core impact indicators. Such effort will also be conducted on updating the operational guidelines, protocols and templates on tracking impact and results management as part of the Fund's operational manual.

42 The Fund, through its evaluation function of the AF-TERG will conduct independent performance evaluation and a mid-term review of the MTS, along with thematic evaluations, will support the tracking of MTS implementation against its expected outcomes, outputs and results. The Fund will also implement the new Evaluation Policy of the Fund, which seeks to promote accountability for the achievement of the Fund's objective and learning, feedback and knowledge sharing on results and lessons learned among the different stakeholders of the Fund.

#### *Knowledge management system*

43 During the 2023-2027 period, the Fund will continue to enhance its knowledge management efforts through improved cross-collaboration between KM and the other workstreams of the Fund, promoting cross-fertilization of ideas and improved delivery of learning outcomes to the countries it serves. To this end, the Fund will update its Knowledge Management Strategy in strong alignment

with MTS-2, with a focus on both external and internal KM processes. The updated strategy will ensure that knowledge generated during MTS implementation is captured, documented, shared, and used for decision-making, program and project design and implementation, and strategic planning. This will include strengthening internal knowledge management to enhance the Fund's operations and performance, as well as facilitating the sharing and dissemination of information and knowledge among stakeholders, including the Board, secretariat, AF-TERG, implementing entities, contributors, and civil society. KM system and related learning will support in reviewing progress of the MTS implementation and enable adaptive management. The updated KM strategy will be a flexible, adaptable document that can be referenced over the next five years.

### *Risk management system*

44 The Fund's comprehensive risk management framework and its supporting policies and related procedures have generally been effective in mitigating several categories of risks, including ethical, financial, and environmental and social risks. During the MTS period, the Fund may consider reviewing, updating or developing its policies, such as updating the Environmental and Social Policy which was last updated in 2016, to further strengthen its risk management approach. Additionally, Parties to the Paris Agreement at COP27 have invited the AF Board to adopt a policy on safeguarding against sexual exploitation and abuse and sexual harassment, which the Fund may consider it as part of its efforts to strengthen its risk management system.

### *Quality management systems (incl. Human Resources and Information Technology)*

45 The Fund's existing processes (both IT and non-IT processes) should be periodically reviewed to ensure that they are value-adding and contributing to the quality of services that stakeholders desire from the Fund. To improve the Fund's operational processes and capacity, the Fund will further invest in enhancing the website and relevant IT systems including the FIF platform and the accreditation workflow. The Fund will review the quality of the information provided on the website, such as relevance, accuracy, timeliness, accessibility as well as format and improve its usability for stakeholders. It will also accelerate the IT system enhancement to increase the Fund's data processing capacity by further automating the existing administrative processes that are taken throughout the life of the Fund's projects and programmes. This is crucial for engaging with an increasing number of Fund partners and stakeholders as well as for responding to the growing needs for both existing and diversifying funding windows in a timely manner.

46 The Board will review human resource needs to ensure adequate capacity of the secretariat to implement its increased ambition and responding to growing demand. At the end of the MTS 2018 – 2022, the Board initiated the transformation of its secretariat organizational structure from flat to tiered one by creating a few senior staff positions between the secretariat manager and operational staff, who oversee a group of operational units. While the Fund's work streams expand horizontally at a fast pace, a majority of decision-making and managerial roles was concentrated on the top manager in the flat organizational structure. The emerging tiered structure allows the secretariat manager to assign certain decision-making and supervisory duties to those senior staff members. Therefore, the overall decision making within the secretariat is expected to become more efficient. Maintaining the positive attributes of the flat secretariat structure that fosters more communications and collaboration among staff members, the Fund will complete the transformation of the secretariat organizational structure in the MTS 2023 - 2027. At the same time, it will assess the human resource needs of all operational units and fill the gaps. In addition, enhancing partnerships and synergies with other climate funds is a vital importance for the Fund, and to this

end, the Fund will actively involve in the Transitional Support Unit of the new Loss and Damage Fund that Parties at COP 27 decided to establish by offering in-kind cross-support on a part-time basis.

## External relationships and partnerships

### *Complementarity, coherence and cooperation*

47 The Fund will enhance its impact through strategic partnerships and synergies with other climate finance providers to maximize its impact to developing countries support for readiness and capacity-building, innovation, knowledge management, and project scale up. To this end, the Fund will consider developing an evolving AF partnership framework, including dedicated governance and formalized arrangements for partnerships such as Memoranda of Understanding (MOUs). The Fund will also improve the visibility of its partnership relations through the AF website.

### *Communications*

48 The Fund will continue to provide support to MTS pillars and cross-cutting themes through comprehensive communications strategies, diverse success stories, promotional products, outreach activities/events, campaigns, social media, multimedia storytelling, web/digital and other avenues to raise and enhance visibility among target audiences by highlighting its effective, scalable actions on the ground, pioneering innovative programmes, and unique niche in building country ownership to help address large global adaptation needs. The Fund will continue to focus on its comparative advantage in stories by showcasing its tangible locally led, country-driven actions on the ground for the most vulnerable, while additionally promoting its emerging funding windows. It will continue to produce an array of original materials and messaging as well as collaborative localized stories through key partnerships with media, project implementers and local stakeholders to increase audience reach. As the Fund has been subject to increasing demand, growth and interest from a broadening range of stakeholders over the last few years, which is expected to continue, it is updating its communications strategy as needed to reflect optimal support of the new MTS with a forward-looking view over the next several years to further ensure it effectively communicates the new MTS's goals and achievements to potentially wider audiences. The updated strategy will focus on ways to build further on the Fund's robust communications activities and outreach to implementing/executing entities, partners, stakeholders, beneficiaries, CSOs, governments and others, and awareness-raising work while being a flexible, adaptable document that can be referenced over the next five years.

## Keeping the strategy and implementation plan up to date

49 Keeping the Fund's strategy and implementation plan up to date is crucial, as adaptation needs and priorities evolve over time and the Fund needs to be able to adapt to these changes.

50 The second Medium-term Strategy for 2023 to 2027 has been developed in a way that it will not need to be revised during its lifetime of five years, unless external circumstances change radically. The strategy's theory of change, including its goal, vision, and mission, as well as the expected outcomes and results under the strategic priority areas of the three pillars and six cross-cutting themes are expected to not require any updates during the five years. The implementation of the second MTS will be evaluated after the mid-term in 2024-25, and after its end in 2027. The

mid-term evaluation is planned to be useful in informing the potential subsequent Medium-term Strategy (which would span the years 2028-2032). Such evaluations will be carried out by the Evaluation Function of the Fund (AF-TERG), following the AF-TERG's mid-term review of the first MTS.

51 Work planning under the MTS is based on the framework contained in this IP. In contrast with the MTS, this IP is meant to be adaptive and flexible. For all expected outcomes and results that outlines in the MTS 2023 -2027, the IP defines concrete outputs and activities, with tentative timelines and budgets. These have been formulated with the aim of providing sufficient clarity and detail to allow the Fund to launch processes for adjusting existing or developing new funding and operational modalities, while remaining as broad and flexible as possible to allow the Fund to integrate learning and adapt to changing needs and circumstances. The timelines and budgets are generally tentative in nature and will be adjusted as needed in annual workplans and administrative budgets to be considered by the EFC and the Board.

52 Due to the evolving nature of the Fund's work and its operating environment, as exemplified by the COVID-19 pandemic and recent geopolitical developments under the first MTS, the IP is most specific for the first two years of the period 2023-2024, 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. This model has proved successful during the first MTS, during which the Fund was able to be responsive and remain efficient during the global disruptions caused by the COVID-19 pandemic. The Fund was able to support countries and implementing entities to continue their project development, implementation, and monitoring and evaluation and provide additional flexibility, which helped mitigate the effects on the AF portfolio.

53 The AF will on an annual basis monitor and report on its progress in implementing the strategy and implementation plan. This will allow the Board to assess the need for adjustments and/or decisions. The main reporting vehicle at the Fund level will be the annual performance reports (APR) in which outputs and results from project level reporting are aggregated to the portfolio level, including from the different grants and modalities under the MTS focus areas of action, innovation and learning and sharing. This reporting includes both quantitative and qualitative information at the portfolio level and assesses progress towards the MTS implementation, including how the six cross-cutting themes (including the new strategic emphasis on locally led adaptation and scaling up of results) have been mainstreamed across the portfolio and operations. The findings in the APRs will allow the Fund to assess its progress against its mission and objectives of contributing to accelerating adaptation action and enhancing access to finance in developing countries, and to identify challenges and opportunities for maximising its impact.

54 In addition to the annual Fund-level monitoring and reporting, the Fund's evaluation function will conduct a mid-term review of the second MTS, which as was the case for the mid-term review of the first MTS, could also contain relevant findings and recommendation for the MTS Implementation Plan. As for the first MTS, these can inform the implementation of the second half of the MTS period.