



ADAPTATION FUND

AFB/B.29/5
7 March 2017

Adaptation Fund Board
Twenty-ninth meeting
Bonn, Germany, 16-17 March 2017

Agenda item 10 a)

ELEMENTS INCLUDING OPTIONS FOR A MEDIUM-TERM STRATEGY

Introduction

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

[...]

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

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

Decision B.27/39

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

- a) To establish a task force to guide the work of the secretariat on the medium-term strategy for the Fund, composed of three members from Annex I countries and three members from non-Annex I countries to be elected intersessionally;*
- b) To request the secretariat to:*

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

(Decision B.28/46)

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

4. As the medium-term strategy task force was not formally established during the intersessional period, the secretariat took the main responsibility of developing the present document, assisted by the same consultant who had been instrumental in developing documents AFB/B.28/7 and AFB/B.28/7/Add.1. However, the secretariat sought inputs to draft version of the document from the nominated members of the task force in an informal capacity, and such inputs have significantly helped shape the outcome. That outcome is contained in the addendum to this document, AFB/B.29.5/Add.1. Due to its deliberative and strategic nature, the addendum is presented as a confidential document.

5. The preparation of document AFB/B.29.5/Add.1 was guided by the options that were chosen by the Board at the twenty-eighth meeting and included in subparagraph c) of Decision B.28/46. In particular, in line with subparagraph c) (iii), the process of developing the present document was considered to represent the initial stage, where consultation with a focused group of stakeholders and decision-makers was expected. Accordingly, the consultant hired by the secretariat carried out intensive interviews, mostly in the sidelines of COP22 in Marrakech,

Morocco, with over 30 individuals seen to belong to the above mentioned categories, including Board members and alternate members, and representatives of implementing entities, think tanks, non-governmental organizations, and the secretariat.

Recommendation

6. The Board may want to consider the elements including options for a medium-term strategy for the Fund, contained in document AFB/B.29.5/Add.1, and decide to:

- a) Approve the approach presented in document AFB/B.29.5/Add.1, and the elements summarized in its Annex 1;
- b) Select among the options for elements contained in Annex 2 of document AFB/B.29.5/Add.1;
- c) Request the secretariat to prepare, under the supervision of the medium-term strategy task force, a draft medium-term strategy for the Fund taking into account the elements referred to subparagraphs (a) and (b) above, for consideration by the Board at its thirtieth meeting; and
- d) Authorize the secretariat, while preparing the final draft strategy referred to in subparagraph (c) above, to share an advanced draft version for comments by a wide range of stakeholders, in order to inform the final draft strategy.