

# THE NEXT MEDIUM-TERM STRATEGY 2023-2027 & THE WAY FORWARD

*2022 ANNUAL NIE SEMINAR*



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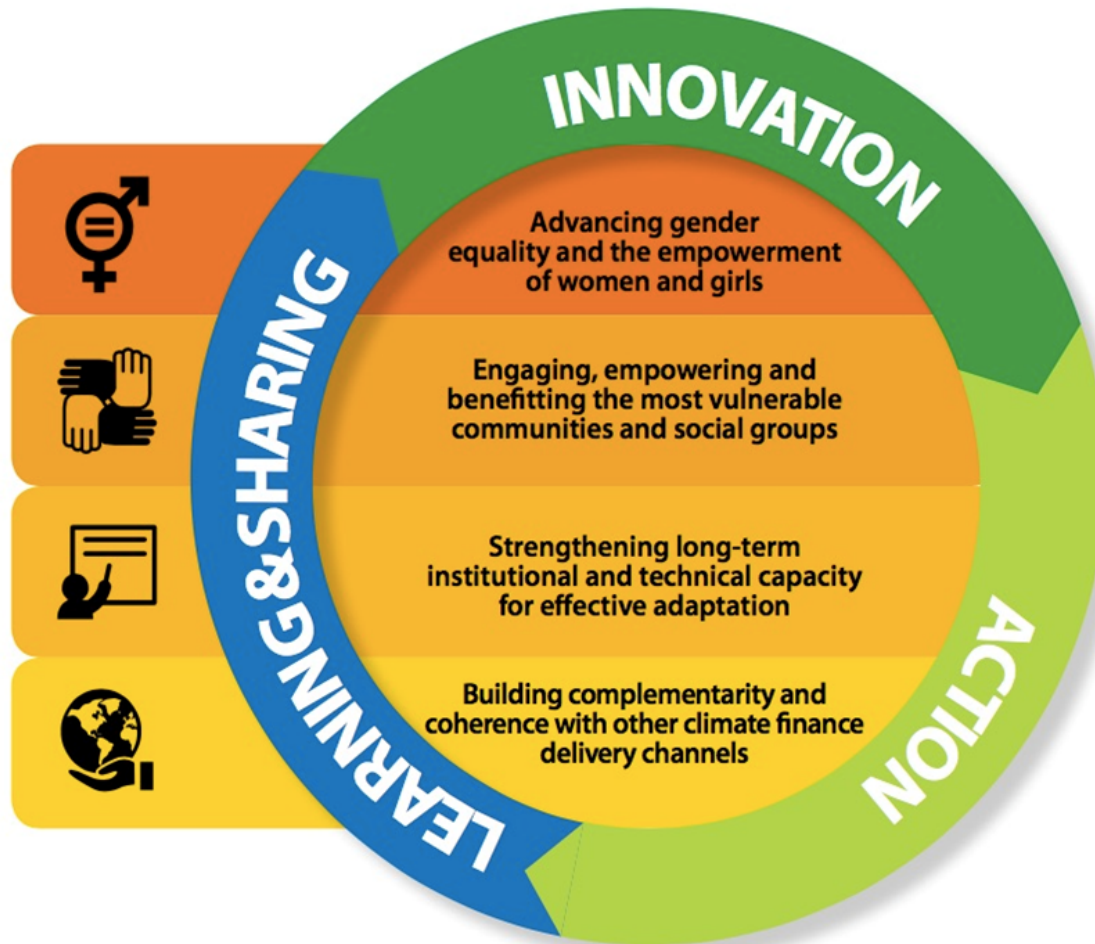
Helping developing countries build resilience and adapt to climate change

**28 September 2022**

## GOALS OF THIS SESSION

- Opportunity to reflect on the implementation of the first MTS 2018 - 2022
- Present overview of draft MTS 2023 – 2027
- Offer space for feedback and questions on the second MTS and emerging implementation and grant modalities

# FIRST MEDIUM-TERM STRATEGY 2018 - 2022



Development of the Fund's first MTS was launched by the AF Board in March 2016 in response to **Paris Agreement** (Dec 2015)

First MTS increased the Fund's **ambition and impact** in several way

Introduced strategic priority of **3 Pillars & 4 Cross-cutting themes**

Launched several new **funding windows**

Further defined Fund's **niche**



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## QUIZ QUESTION

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How many new funding windows/ grant modalities were launched under the first MTS?

- a. 3
- b. 5
- c. 7
- d. 9



# THE CORRECT ANSWER IS C) 7

**Table 2.** The new funding windows of the Adaptation Fund under the MTS

## Action Pillar

Single-country concrete adaptation projects

Regional concrete adaptation projects

Project Formulation Grants (PFG)

Readiness Programme\*

Enhanced Direct Access

## Innovation Pillar

Innovation large grants

Innovation small grants

MIE Innovation aggregators

## Learning & Sharing Pillar

Learning small grants

Window created prior to the MTS

Window created under the MTS

## Readiness Programme\*

Technical Assistance (TA) grants

Project Formulation Assistance (PFA) grants

South-South Collaboration grants

Readiness Package grants

Scale-up grants

*Source: AF-TERG (2021) Mid-term Review of the MTS, 27*



# ACHIEVEMENTS OF FIRST MTS 2018 - 2022

## Findings of Mid-term Review of the MTS by AF-TERG (2021)

- MTS is a good, fit-for-purpose strategy that was ambitious, forward-looking, and responsive to global processes and imperatives for climate change adaptation
- Significant expansion in the Fund's potential portfolio both in terms of quantity and quality (e.g. compliance with AF ESP & GP)
- Country priorities continue to drive project selection and prioritization of funding, which is part of the DNA of the Fund



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## ACHIEVEMENTS OF FIRST MTS 2018 – 2022 (2)

- Since January 2019, the Fund has been officially serving the Paris Agreement
- Increasing trend in funding requests and approvals
- Increasing ambition: Doubling of country cap to US\$ 20 million and number of NIEs to two per country, encouraging countries to consider making use of the direct access modality
- Resource mobilization: Record of US\$ 350 million in 2021
- The Glasgow Climate Pact (2021) recognized “the importance of [...] adaptation finance, including the value of the Adaptation Fund in delivering dedicated support for adaptation.”



# PROCESS TOWARDS NEW MTS 2023 - 2027

- **October 2021 (AFB.37):** Board considered findings of the Mid-term Review of MTS & adopted process for developing next MTS
- **Jan 2022:** Fund embarked on developing next MTS through broad and inclusive stakeholder consultations
- **April 2022 (AFB.38):** Board considered and adopted options and elements for next MTS
- **Intersessional:** Development of draft MTS2 document & further stakeholder consultations
- **Oct 2022 (AFB.39):** Board consideration of draft MTS2 document
- **Nov 2022 (COP27):** Launch of MTS 2023 – 2027 at AF side event
- **2023:** Development of Implementation Plan

# NIE ENGAGEMENT IN STAKEHOLDER CONSULTATION

- **Open online survey:** over 50 responses (incl. 8 NIEs, 4 RIEs, 2 MIEs, 1 EE, 9 DAs)
- **Expert roundtable discussions** with over 20 adaptation finance experts, incl. youth roundtable discussion
- **Bilateral consultations** with UNFCCC Secretariat, AF-TERG, and IPCC WGII authors of 2022 report on impacts, adaptation and vulnerability
- **Written inputs** from AF-TERG, AF CSO Network, and IPCC authors
- **Side event at SB56** on the next MTS with key stakeholders

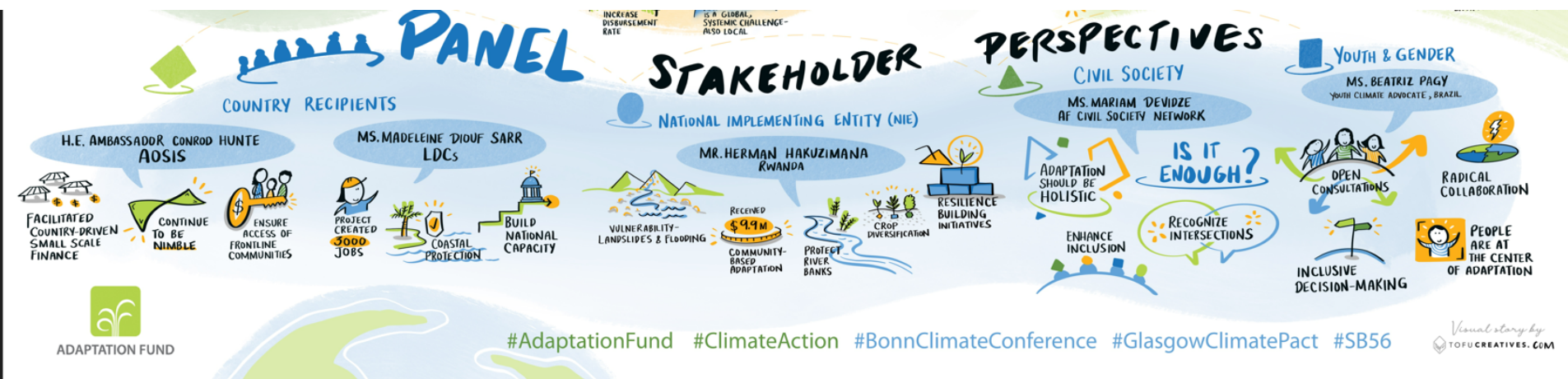


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# SIDE EVENT AT SB56 BONN CLIMATE CONFERENCE

## New Strategic Direction for Enhancing Adaptation Finance Ambition and Impact



# NIE VOICES: ROLE OF THE ADAPTATION FUND

- “The AF allows national organizations to grow and to show how to make adaptation on the ground.”
- “AF really adapts to country realities and needs.”
- “Strengthen the capacities of national and local entities to receive and manage climate financing.”
- “Concrete adaptation projects are the need of the hour to reduce the widening gap of adaptation finance.”



# NIE VOICES: PRIORITIES FOR NEXT MTS

- Importance of **locally based adaptation**
- **Linkage between pillars** & learning pillar should be enhanced
- Support the **learning and sharing** among stakeholders, especially NIEs (Community of practice)
- Adaptation is the way out to reduce the **loss and damage** when the climate change impacts are increasing.
- Focus should also be given on appraising the **effectiveness** of adaptation interventions along with measuring outputs.
- The AF should **scale up competencies in recipient countries** to develop quality project proposals for funding. The Fund should engage bottom-up approach through DAs and focal points for effective planning.
- The Fund should remain **flexible** in its reaction to the global shocks.
- **Scaling up:** Connection to other climate change funding initiatives for either continuing where AF-Project ends or potential co-funding.





# OPPORTUNITY & POTENTIAL FOR MTS 2023 - 2027



- Stakeholders expressed general support for direction of first MTS and **continued relevance**
- Next MTS presents an opportunity to further optimize Fund's **impact and niche**
- **Context of urgency** and climate emergency & need for the Fund to play an ambitious role
- **Effective adaptation** has to be accelerated in the next decade to help close adaptation gaps.
- AF well placed to support **key enabling factors for accelerating the implementation of adaptation**, incl. access to finance, technology and innovation, knowledge and learning, capacity-building, M&E, etc.



# MEDIUM-TERM STRATEGY 2023 – 2027

- 1) Three pillars continue with expanded scope
- 2) Enhance linkages & harness synergies between 3 pillars
- 3) 2 new crosscutting themes on:
  - Locally based & locally led adaptation
  - Scaling up



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

## GOAL

People, livelihoods and ecosystems are adequately protected from the adverse impacts of climate change with their adaptive capacity enhanced, resilience strengthened, and vulnerability 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.

## 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.

## OUTCOMES: STRATEGIC PILLARS

Linkages and synergies between support for adaptation action, innovation and learning and sharing are enhanced

## CROSSCUTTING THEMES

All of the Fund's activities and processes are designed to:



Promote locally based or locally led adaptation



Enhance access to climate finance and long-term institutional capacity



Empower and benefit the most vulnerable people and communities as agents of change



Advance gender equality



Enable the scaling and replication of results



Strengthen complementarity, coherence and synergies with other adaptation funders and actors

## 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

### EXPECTED RESULTS

1. Vulnerability reduced, resilience strengthened, and adaptive capacity enhanced
2. Access to finance and institutional capacities enhanced
3. Evidence for effective action generated and results scaled up

## INNOVATION

Modalities for funding the development and diffusion of innovative adaptation practices, tools and technologies are expanded and risk-taking is encouraged

### EXPECTED RESULTS

1. New innovations and risk-taking encouraged and accelerated
2. Successful innovations replicated and scaled up
3. Access and capacities enhanced for designing and implementing innovation
4. Evidence base generated and shared

## LEARNING & SHARING

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

### EXPECTED RESULTS

1. Knowledge generation and dissemination of learning on effective, innovative and local adaptation increased and expanded
2. Capacity to capture and disseminate learning strengthened
3. Knowledge partnerships expanded and outreach increased

# WHAT DOES THE NEXT MTS MEAN FOR FUNDING WINDOWS?

**Table 2.** The new funding windows of the Adaptation Fund under the MTS

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# POTENTIAL MODALITIES FOR DELIVERY & IMPLEMENTATION

## Action

- Support and programme increasing number of concrete projects/ programmes aligned with national processes e.g. NAPs, NDCs etc.
- Expand Readiness Programme: more comprehensive and iterative, assessing needs and addressing gaps, expand scope and recipients to DAs, EEs, local communications, youth, indigenous people etc.
- Expand support to locally-based and locally-led adaptation through direct access, EDA, etc.
- Expand engagement of local and vulnerable groups, incl. local private sector in project cycle.

## Innovation

- Expand innovation facility & access to innovation grants
- Increase amount available for small & large innovation grants
- Linkage to learning pillar e.g. possibility to combine with learning grants
- Readiness & capacity-building for innovation
- Modalities that target inclusion of youth, women, civil society, indigenous people, private sector, and academia
- Modalities that can create space for risk-taking

## Learning & Sharing

- Capture synergies with action and innovation e.g. capture learning from innovation portfolio
- Readiness and capacity-building for capturing learning
- Develop new knowledge partnerships e.g. with research institutions
- Further increase outreach and visibility of generated learning on adaptation, incl. local and indigenous knowledge
- Support communities of practice and local-level partnerships

## Q&A / INVITATION FOR FEEDBACK

**Invitation to share your experience & perspective on:**

- 1.** Implementation of first MTS & MTS grants
- 2.** Proposed adjustments in the new draft MTS
- 3.** Possible implementation modalities for the new MTS (to be developed in MTS Implementation Plan)





**Thank you!**

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