



ADAPTATION FUND

AFB/PPRC.32/24  
10 September 2023

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Adaptation Fund Board  
Project and Programme Review Committee  
Thirty-second Meeting  
Bonn, Germany, 10-13 October 2023

Agenda item 24

## **TERMS OF REFERENCE FOR THE ESTABLISHMENT OF THE ADAPTATION FUND TECHNICAL ADVISORY BODY FOR INNOVATION**

## Background

1. The Adaptation Fund Board (the Board) at its thirtieth meeting adopted its first Medium-Term Strategy (MTS) in order to guide the work for the Adaptation Fund (the Fund) until 2022. MTS outlined three pillars of work: Action, Innovation, and Learning and Sharing. Currently the Fund is embarking on its next strategic period and is developing a new Medium-Term Strategy for 2023-2027 (MTS II), in which the innovation pillar has the opportunity to be reviewed in order to support the development and diffusion of innovative adaptation practices, tools, and technologies.

2. The Innovation Facility for implementation under the Fund innovation pillar was approved at the Board's thirty-first meeting (Decision B.31/32). The Facility offers small and large grants through three different windows. It builds on the Fund's core strengths and comparative advantage as a highly functioning and innovative fund established to finance concrete adaptation projects in developing countries that are particularly vulnerable to climate change.

3. The Board at the second session of its thirty-fifth meeting requested the secretariat to prepare a document that further clarified the definition and vision for innovation under the Fund, as well as to establish a task force composed of Board members to guide the Fund's work on innovation (Decision B.35.b/9).

4. At its thirty-six meeting the Board decided to adopt the vision and definition for innovation contained in document AFB/B.36/8, as well as the innovation review criteria contained in its annex I. According to that document, under the innovation pillar of the Adaptation Fund, innovation is understood as "the creating, testing, deployment or diffusion of new, adapted or improved adaptation solutions, developed contextually and with the inclusion of the communities most vulnerable to climate change, to enable those communities to become more resilient to climate change". Additionally, the Board decided:

[...]

*(c) To request the secretariat to develop, in line with decision B.35.b/9, under the continued guidance of the task force for innovation, an updated document that further refines the elements related to innovation and adaptation outlined in document AFB/B.36/8, which contains the elements below, and to present it to the Board for its consideration at its thirty-eighth meeting:*

- (i) Analysis of the global landscape of finance for innovation in climate adaptation, along with any gaps;*
- (ii) Identification of potential types of risks related to innovation projects funded by the Adaptation Fund, with recommendations on the flexibility on acceptable levels specific to the type of risk;*
- (iii) A proposal on the piloting of the establishment of an advisory body to support the Adaptation Fund's work on innovation on an ongoing basis.*

*(Decision B.36/39)*

5. At the thirty-ninth meeting, the Board considered Document AFB.39/10, which provides, inter alia, a proposal on the piloting of the establishment of an advisory body to support the Adaptation Fund's work on innovation.

6. *Having considered Document AFB.39/10, the Board decided to:*

*[...]*

*(c) Request the secretariat to, in consultation with the Innovation Task Force, further develop principles for the advisory body for innovation referred to in document AFB/B.39/10, including a draft TOR, taking into account the developments with the Medium-Term Strategy 2023-2027;*

*(d) Request the secretariat to present its analyses and recommendations related to subparagraphs (a) to (c) above to the PPRC at its thirty-first meeting.*

*(Decision B.39/65)*

7. Subsequently, the secretariat presented the analyses and recommendations to the PPRC at its thirty-first meeting, following which the Board decided:

*(a) To request the secretariat, in consultation with the Innovation Task Force, to finalize the draft of the terms of reference for the advisory body for innovation referred to in document AFB/B.39/10, taking into account the developments with the Adaptation Fund's medium-term strategy (2023–2027) and its implementation plan;*

*(b) To request the secretariat to present the finalized draft of the terms of reference for Board's decision at its forty-first meeting or intersessionally.*

*(Decision B.40/62)*

8. Following consultations with and inputs from the Innovation Task Force of the Board, the secretariat finalized the draft of the terms of reference (TORs) for the advisory body for innovation, taking into account the Medium-Term Strategy for 2023-2027 (MTS II) and the Implementation Plan of the MTS II. Specifically, the TORs were written so as to reflect planned developments and meeting the anticipated needs for support for the expanding innovation programme and other innovation-related initiatives under the Fund. The finalized TORs can be found in Annex I.

## **Proposed Recommendation**

9. Having considered document AFB/PPRC.32/24, the PPRC may wish to consider and recommend to the Board:

- (a) To adopt the Terms of Reference for the Technical Advisory Body for Innovation;
- (b) To elect a Chair and Vice-chair for the Technical Advisory Body for Innovation;
- (c) To request the secretariat to initiate the process for further establishing the Technical Advisory Body for Innovation, including recruitment of experts;
- (d) To report on its progress at the thirty-third meeting of the PPRC.

## Annex I

### TERMS OF REFERENCE FOR THE ESTABLISHMENT OF THE ADAPTATION FUND TECHNICAL ADVISORY BODY FOR INNOVATION

#### Background and Context

1. The Adaptation Fund, which serves the Paris Agreement of the UN Framework Convention on Climate Change, has been established by the Parties to the Kyoto Protocol of the UN Framework Convention on Climate Change to finance concrete adaptation projects and programmes in developing countries that are party to the agreements. The Adaptation Fund has been considered an innovative mechanism for three specific reasons:
  - a) It is funded by an international levy from the Clean Development Mechanism of the Kyoto Protocol.
  - b) It is governed by a body – the Adaptation Fund Board (the Board) - which has majority representation from developing countries.
  - c) It provides eligible developing countries an opportunity to directly access its funds.
2. Since the launch of its first Medium-term Strategy in 2018, the Adaptation Fund has had a mandate to establish and develop an innovation programme, including the Innovation Facility which currently provides several distinct funding opportunities for innovation in support of adaptation and resilience.
3. The second Medium-term Strategy, launched in 2022, confirms the direction of the Fund towards increasing support for innovation.
4. The Board is therefore seeking external experts to serve on its Technical Advisory Body for Innovation (the Advisory Body).

#### Mandate of the Panel

5. The Advisory Body shall make recommendations to the Board and, when requested by the Board, to the Project and Programme Review Committee regarding topical matters pertaining to the Adaptation Fund's innovation work.
6. This would include primarily strategic questions pertaining to the innovation of programs, modalities, multi-stakeholder partnerships, finance, the innovation ecosystem and market system, and private sector engagement, the development of the Adaptation Fund Climate Innovation Accelerator (AFCIA) Partnership, horizon-scanning and external developments, including areas of improvement for the ongoing works/projects and possible new areas that could help to reduce the vulnerabilities of communities, Learning-and-Sharing on innovation and make recommendations to the Board on innovation matters, as applicable. A particular emphasis could be to support AF defining its approach to innovation beyond its innovation windows.
7. The Advisory Body may however also engage in technical and project-level matters if needed.
8. The Advisory Body, supported by the Secretariat, will prepare an annual workplan and budget for the consideration of the Board.

#### Membership

9. The Advisory Body would consist of 5 experts in innovation with adaptation perspective. They could be recognized innovators, researchers, managers, founders, and senior-level administrators of innovation projects and funding, representing diverse perspectives, representatives of innovation networks, for example academic and research consortia, impact investor networks, startups or innovation hub networks, or locally-led adaptation networks. In addition, two members of the Advisory Body would be Board members who will be designated by the Board as Chair and Vice-chair of the Advisory Body.
10. The Secretariat shall invite and compile a list of experts and, together with the Innovation Task Force of the Board, shall select the expert members of the Advisory Body from this list, taking fully into account considerations of regional balance, expertise, and diversity of perspective. Gender balance considerations will be observed.
11. The members of the body would be invited to serve a two-year term, renewable to additional two years. After this period, one year cooling off period would be in place. Former members could be considered to serve after the cooling off period has passed. However, in order to ensure continuity in the work of the Advisory Body after its inaugural period, a minimum of two out of the five expert-members shall be replaced after the first term.
12. Advisory Body's Board members shall be eligible to serve a maximum of two consecutive terms, alternating the role of Chair and Vice-chair yearly. However, to ensure continuity in the work of the Advisory Body after its inaugural period, only one of these two members shall be replaced after the first term.
13. The Advisory Body will report to the Board at regular intervals at its meetings.

#### **Competence requirements**

14. The Advisory Board members who are external experts shall have:
  - (a) Demonstrated relevant work experience in innovation and/or innovation credentials with relevance for adaptation;
  - (b) Experience of transdisciplinary and cross-cutting collaboration among private sector, public and non-public actors and academia and research to further innovation;
  - (c) Experience of innovative modalities including, but not limited to, blended finance to mobilize private capital to work for climate and adaptation purposes;
  - (b) Experience with any national or international innovation body would be an advantage;
  - (c) An understanding of country, regional and international innovation systems;
  - (d) An understanding of adaptation and resilience-building, with expertise concerning especially highly climate-vulnerable countries a strong advantage;
  - (e) Ability to communicate fluently, both in writing and orally, in English. Working knowledge of other UN languages would be desirable;
15. The Board shall require members of the Advisory Body to commit in writing to comply with the rules defined by the Board, in particular with regard to confidentiality and to independence from commercial and other conflict of interests, including any association with an Implementing Entity or projects and programmes funded by the Adaptation Fund. The members of the body would not be allowed to work on Adaptation Fund projects and programmes on design, implementation or evaluation during the time as member and the 1 year cooling off period.

**Modalities of work**

16. The Advisory Body shall operate under the guidance and authority of the Board and shall be bound by these terms of reference, as well as by the operational policies and guidelines and the code of conduct, as adopted by the Board. The General Guidelines for Board Committees shall apply mutatis mutandi to the Advisory Body. The mandate of the Advisory Body may be revised or terminated by the Board if necessary.
17. Advisory Body meetings can be held with panel members being either physically or virtually present. The dates and modalities of Advisory Body meetings shall be determined by the Chair and Vice-chair of the Advisory Body, bearing in mind resources available and the need for support.

**Compensation**

18. Travel costs and daily subsistence allowance shall be paid to those Advisory Body members who are Board members and attending a meeting of the Advisory Body or undertaking any official site visit as approved by the Board, in accordance with the World Bank Group rules. Members of the Advisory Body who are external experts shall be paid fees for their services and travel expenses.

**Revision of the TORs**

19. The Board will revise these terms of reference as necessary.