

# A NEED FOR SUBMISSION OF GOOD PROJECT PROPOSALS

GERMANWATCH-REPORT ON THE 15<sup>TH</sup> MEETING  
OF THE ADAPTATION FUND BOARD

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and Rachel Berger, Practical Action.



## Brief Summary

The Adaptation Fund (AF) was established under the Kyoto Protocol of the UN Framework Convention on Climate Change (UNFCCC) in order to finance concrete adaptation projects and programmes in developing countries affected by the global climate change. This report summarises the key decisions taken during the 15<sup>th</sup> meeting (15th to 16th September) of the Adaptation Fund Board.

A detail information about the Adaptation Fund is available in the Germanwatch website ([www.germanwatch.org/klima/af](http://www.germanwatch.org/klima/af)). Germanwatch has also established a NGO Network to help NGOs in developing countries to better accompany the implementation of projects funded by the Adaptation Fund (see [www.af-network.org](http://www.af-network.org)). The background information and preparatory documents of the 15<sup>th</sup> meeting are also available at [www.adaptation-fund.org](http://www.adaptation-fund.org).

## Imprint

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September 2011

Purchase order number: 11-2-21e

This publication can be downloaded at:

[www.germanwatch.org/klima/afb2011-09r.htm](http://www.germanwatch.org/klima/afb2011-09r.htm)

This project is part of the International Climate Initiative. The Federal Ministry for the Environment, Nature Conservation and Nuclear Safety supports this initiative on the basis of a decision adopted by the German Bundestag



The Federal Ministry  
for the Environment,  
Nature Conservation  
and Nuclear Safety

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# 1 Executive Summary

From 15th to 16th September, the 15th meeting of the Adaptation Fund Board (AFB), the operating body of the Adaptation Fund established under the Kyoto Protocol, took place at Langer Eugen in Bonn, Germany. A day prior to the meeting the members of the two committees of the Board, the EFC and PPRC, met for the fourth time. The Board has taken the following key decisions during the last meeting:

One National Implementing Entity (NIE), the Protected Areas Conservation Trust of Belize has been accredited as NIE subject to certain conditions<sup>1</sup>. In an intersessional decision, the South African National Biodiversity Institute (SANBI) from South Africa had been accredited a week before the AFB meeting. Henceforth, the Board has six accredited NIEs now, and the PACT represents the first NIE for Central America. Nonetheless, the example of Belize shows that a small country can undergo successfully the accreditation process within two meetings, if the country strategically initiates the process of identification and nomination of the suitable institution as NIE. The Board also authorised the Accreditation Panel to conduct a field visit to the NIE 2 and 42, because both NIEs were reasonable candidates for accreditation. In addition, the Board also accredited the African Development Bank as a Multilateral Implementing Entity (MIE), as the ninth MIE.

With regard to project approval, only one project out of 11 considered was approved at the AFB meeting, the one from Mauritius. This has been an exceptionally low approval rate compared to previous meetings. For each of the projects, a number of technical reasons were provided why approval (or endorsement in the case of project concepts) has not been granted. Thereby, the AFB has sent a strong signal to all project proponents that the future project justification should be well founded, in order to have any prospects for project approval. However, also the challenge became apparent that there is no clarity regarding the standards for providing information on the different elements of the project proposal templates. The projects proposals were submitted by the respective countries through Multilateral Implementing Entities (MIEs) to the Board for consideration. The Mauritius project aims at enhancing adaptation to the coastal areas in Mauritius in three regions, through building of coastal protection measures, strengthening of mangroves to defend the shoreline, instituting an early warning system, as well as building of capacity of the local people through training activities and mainstreaming of adaptation knowledge.<sup>3</sup>

Furthermore and according to the recommendation of the Ethics and Finance Committee, the Board approved its Knowledge Management Strategy (KM). The KM intends to improve the quality of projects through the treatment of information, data and knowledge, which should help the proponent countries as well the Adaptation Fund Board (AFB) to better reduce the vulnerability and cost by enhancing the adaptive capacity as well as the resilience of the people in the project areas. In addition, the AFB decided to entrust the implementation of its Evaluation Framework to the GEF evaluation Office, for an interim three years period. The Evaluation Framework should help the Board to assess actual

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<sup>1</sup> The conditions of the accreditation are highlighted in the chapter related to the Accreditation Panel

<sup>2</sup> For the purposes of confidentiality the Accreditation Panel uses a numbering system to report of the status of each implementing entity's application.

<sup>3</sup> [http://www.adaptation-fund.org/sites/default/files/AFB.EFC\\_.6.3%20Knowledge%20management%20strategy.pdf](http://www.adaptation-fund.org/sites/default/files/AFB.EFC_.6.3%20Knowledge%20management%20strategy.pdf)

project impacts compared to the agreed strategic plans<sup>4</sup>. It seeks evidence whether the project is on track with the expected outcome through assimilating lessons learnt and managing decisions into the performance.

For the forth time, there was the opportunity for civil society to take the floor in frame of a so-called dialogue with civil society at the end of the meeting. The discussion was fruitful and very frank, some Board members expressed the need for more CSO engagement not only at the Board level, but also on the project level with a view to ensuring fruitful implementation of the projects funded by the Board. The next CSO dialogue will take place a day prior to the 16th meeting of the Board, which will take in Durban back to back to the COP17 in December 12-14, 2011.

This report paper highlights and summarises the key decisions taken and issues discussed during the 15th meeting of the AFB, and outlines some further actions to be taken by the Board.

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<sup>4</sup> [http://www.adaptation-fund.org/sites/default/files/AFB.EFC\\_.6.4%20Evaluation%20framework\\_0.pdf](http://www.adaptation-fund.org/sites/default/files/AFB.EFC_.6.4%20Evaluation%20framework_0.pdf)

## 2 Report of the Accreditation Panel

For tackling the direct access path, developing countries can nominate for accreditation domestic institutions, which have to meet the fiduciary standards such as “sound financial management, including the use of international fiduciary standards<sup>5</sup>” of the Adaptation Fund Board. However, the identification of the suitable institution, its nomination and the accreditation process remain a great, but manageable challenge for the developing countries with the least institutional capacity. Five countries (Senegal, Uruguay, Jamaica, Benin and South Africa) have so far mastered this process. The latter one from South Africa, the National Biodiversity Institute (SANBI), was accredited as NIE intersessionally between the 14th and 15th AFB meeting<sup>6</sup>.

For the 15th meeting, the Accreditation Panel (AP), which has the mandate to recommend on accreditation, suspend and cancel the accredited Implementing Entities according to the Operational Policies and Guidelines, received one Regional Implementing Entity (RIE) and six other NIE applications that were previously reviewed but not reasonable enough to make a recommendations for approval. These Implementing entities are the following. The background and the whole process on the application of the below listed implementing was detailed analysed in our briefing paper prior to this meeting.

The AFB, having considered and deeply discussed the recommendations made by the AP, adopted the following decisions:

To accredit the Protected Areas Conservation Trust of Belize as NIE subject to certain conditions:

Thus PACT should provide a semi-annual internal control. In addition, the PACT should put in place before approval an internal control statement signed by its Executive Director and the Board as well as to commit itself to a public antifraud policy that demonstrates a zero tolerance attitude.

The example of the Belize shows that a small country can undergo and success the accreditation process within two meetings, if the country strategically initiates the process of identification and nomination of the suitable institution as NIE. Although the PACT is a small corporate organization with annually less than 1 million grants, it has executed its function in a transparent manner and grants to the specific organisations for specific projects related to its objectives. After several exchanges the AP recommended to the Board that there are a few gaps in the fiduciary standards and at the same time recognised that these gaps can be filled through additional controls and information mechanism as contained in the above-mentioned decision of the Board. In parallel the AFB had to consider a project concept proposal by Belize submitted through the World Bank as MIE. It will be interesting to see whether the newly accredited NIE will now take up this role for the same project in a revised submission. Of course, it will be challenging for the institution to now oversee the implementation of a project in the order of USD 10 million or so.

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<sup>5</sup> Decision 5/CMP.2

<sup>6</sup> (Decision B.14-15/6). For further information see: See Annex I of Report of the Seventh Meeting of the Accreditation Panel [http://adaptation-fund.org/sites/default/files/AFB.B.15.4%20Report%20of%20the%20Accreditation%20Panel\\_0.pdf](http://adaptation-fund.org/sites/default/files/AFB.B.15.4%20Report%20of%20the%20Accreditation%20Panel_0.pdf)

To accredit the African Development Bank AfDB also subject to the below listed conditions:

The AfDB should further describe in any project proposals the capability of the local office to implement, monitor and close the proposed project in light of the decentralization process of the AfDB. Furthermore, the AfDB should deliver annually and within three months after the end of each year an independent grant audit report covering the open projects that the AfDB handles on behalf of the Adaptation Fund. This audit, which can be done by or under the supervision of the Office of the Auditor General of the AfDB, should confirm that for all open Adaptation Fund projects where reports are due for a specific year these were delivered to the Adaptation Fund secretariat, and if this is not the case the report should explain what is missing and why;

Not to accredit the NIE17, because the applicant has not been able to sufficiently address the AP queries and requested for further documentation (Recommendation AFB/AP.7/3)

To conduct a field visit to the applicant NIE 28. The recommendation of the Panel assumes that the applicant could be a reasonable candidate for accreditation as NIE when the applicant would manage to fulfil the requested requirements of the Panel.

To conduct a field visit to the applicant NIE 4.

Pertaining to the other implementing entities and based on the fact that the applicant has not made much progress since submission, the secretariat on behalf of the AP took the initiative to contact the NIE in order to encourage them to go further in the process. It is expected that the NIE3 will provide in September the missing document so that the application could be considered during the next meeting. Also, two MIEs are in the accreditation process pipeline and the applications will be considered by the next meeting.

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<sup>7</sup> For the purposes of confidentiality the Accreditation Panel had used a numbering system to report of the status of each implementing entity's application.

<sup>8</sup>Recommendation AFB/AP.7/4

### **3 First regional Workshop to familiarise the Adaptation Fund with the accreditation process**

Furthermore the AFB Secretariat also assisted the UNFCCC Secretariat to organize a workshop in Mbour, Senegal, on September 5-6, 2011. The purpose of the workshop was to familiarise African countries with the accreditation process. Two adaptation officer made presentations during the workshop and assisted the Accreditation Panel experts in the preparation of their presentations. The workshop was well attended and participants agreed that there was a useful exercise to better understand the process despite the short-planned time.

Since this workshop was the first ever organised workshop in the series of 4 workshops, following up to the mandate given by decision 5/CMP.6, several lessons were learnt which the secretariat in its report back to the Board pointed out. The Board decided to request the UNFCCC secretariat to consider extending the remaining workshops from two days to three days and ensuring that the documentation should be made in English and Spanish. It also invited NIEs to attend and make presentations at the accreditation process held in their regions.

### **4 Report of the sixth meeting of the Project and Programme Review Committee (PPRC)**

The PPRC is responsible for assisting the Board in tasks related to project and programme review and implementation in accordance with the Operational Policies and Guidelines and for providing recommendations and advice to the Board thereon<sup>9</sup>. Thus, during the meeting, the Board debated on the recommendation on approval of the submitted project proposals to the Board provided by the PPRC and based on the technical review made by Secretariat. Furthermore, the PPRC initiated discussions on priorities for a more strategic approach to projects and programmes, rather than only spending time on the in-depth discussion of the projects.

Since the PPRC meetings are held closed, and since the technical reviews prepared by the Secretariat are not made available to the public, it is not possible to follow the discussions and to adequately judge the substance of the debates and decisions proposed to the AFB, which are then considered in open meetings.

#### ***4.1 Call of the PPRC for submission of strong concrete adaptation project and programme***

As usual the PPCR considered in its meeting all submitted project and proposals for approval. The discussion in the PPCR builds on the initial screening report undertaken by the secretariat, which gives provides recommendations on the shortcomings and strength

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<sup>9</sup> See document AFB/B.6/6 on the Adaptation Fund Board committee

of the projects submitted. The PPRC having considered the proposals, formulated its recommendation to the Board, which in turn after discussion decided:

Not to endorse the project concept of Belize, which amounted to US\$ 10,000,000 and was submitted through the World Bank acting as a MIE, and aims at conserving marine resources in Belize;

Not to endorse the project concept of Egypt submitted through the MIE World Food Programme (WFP). The project intends to prepare the Lake Nasser Region in southern Egypt as a climate adaptation hub with the amount of US\$ 8,575,892;

Not to endorse the project concept of Mali submitted by the government of the country through United Nations Development Programme (UNDP) acting as MIE. The project aims at enhancing climate adaptation in the vulnerable regions of Mopti and Timbuctou with a total cost of US\$ 8,533,688.

Not to endorse the project concept of Mauritania submitted through the World Food Programme as MIE. The project, with the total amount of US\$ 9,995,145, aims at enhancing the resilience of communities to the adverse effects of climate change on food security in Mauritania.

The Board requested the respective MIEs to transmit the observations referred to each proposal to the respective governments, on the understanding that a revised concept might be submitted at a later date.

There were no uniform reasons for non-endorsement of the above mentioned proposals. The project-specific arguments will be contained in the AFB's meeting report and provide for the governments as well as the public an important starting point to work towards further improving the projects. The Board identified insufficiencies with the proposal of Belize, for example because of not containing sufficient information to assess the cost-effectiveness of the proposed interventions, inter alia the size, scope, and area of sites<sup>10</sup>. Pertaining to the proposal of Egypt, which aims at developing the Lake Nasser region to serve as a receptor for climate-induced voluntary migration from other regions, the Board emphasized its concerns supporting migration as an adaptation response, and encourages the proponent to emphasize the adaptation pilot activities as well as those that strengthen institutional capacity to address adaptation on the national scale. For the proposal of Mali, the Board encourages the MIE UNDP to resubmit a concept proposal by providing inter alia more baseline information on the existing capacities, initiatives and strategies that could create the enabling environment for the implementation of the proposed activities and ensure their sustainability.

The AFB also decided not to approve the following six fully- developed project proposals from Cock Island, Georgia, Madagascar, Mauritania, Papa New Guinea and Samoa. Furthermore the AF Board requested the MIEs, to transmit to the respective governments the observations referred to its decision of non-approval, on the understanding that a revised project document might be submitted at a later date.

Finally, the AFB approved funding of US\$ 9,119,240 for the implementation of the fully developed proposal of Mauritius. The proposal has been submitted through UNDP and

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<sup>10</sup> Draft Decision of the Adaptation Fund Board taken during the 15th meeting: Addendum to the report, AFB/B.15/L.1/add.1.

aims at strengthening the adaptive capacity to climate change in the coastal zone of Mauritius.

Although the AFB has considered ten projects for funding, twelve proposals had primarily been submitted to the secretariat for initial screening. Among the two not considered proposals, one originated from Tanzania. This fully developed project which had not been approved for three times, has been submitted through the UNEP acting as MIE on behalf of Tanzania and has later been withdrawn before the sixth meeting of the PPRC. Since the UNEP has withdrawn the proposal after the secretariat has solicited further information on specific items required clarifications for approval, and no clarification has been publicly made, one can assume that UNEP probably realized that the proposal needs further depth improvement. Therefore and being aware not to be able to fulfil all this requirements on time, UNEP on behalf of the government decided to withdraw the project in order not to risk a forth not approval.

One other proposal was not even considered by the Board. The background was the submission of two proposals by Mauritania through two different MIEs at the same time, an unprecedented case. The total amount of both proposals was US\$ 14,166,970, which was above the country cap of US\$ 10 million set by the Board. The secretariat demanded the government of Mauritania to select one of them, which in its view should be considered for approval by the PPRC. Mauritania replied to the secretariat with a letter prioritizing the project submitted through the WFP, which aims at enhancing resilience of communities to the adverse effect of climate change on food security in Mauritania. This proposal was then considered by the PPRC, and then not approved as mentioned above.

This situation is an interesting constellation, with which the AF has not been confronted so far. Could a country submit several projects within the US\$ 10 million country cap at the same time? Which rules for prioritisation for projects should apply in these cases, where a country has submitted more than one project, in particular when these exceed the cap?

Against the background of the existing country cap, concerns were raised by certain members of the Board regarding the ownership of the country in the selection of those two projects through different MIEs and pertaining also to the role of Designate Authority (DA). The DA has the role to endorse in the name of the country every proposal, in order to ensure government coordination. This of course should include ensuring that the projects submitted do not exceed the cap and at the same time being truly in line with the country priority. It came also up, that there was nothing to undertake in order to prevent countries to submitted proposals through different MIEs. Some members suggested to the Board not to consider for each meeting more than one project for each country.

After a long discussion and exploration of options to be applied to such a situation, the Board decided that it would not consider one or more two or more project/programme proposals submitted to a meeting for the same country for which the total cumulative value exceeds in excess of the country cap<sup>11</sup>.

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<sup>11</sup> See the part related to this item in the Draft Decision of the Adaptation Fund Board taken during the 15th meeting: Addendum to the report, AFB/B.15/L.1/add.1.

## **4.2 Strategic approach to project/programme review at the PPRC level**

With respect to the strategic approach of the PPRC project review process, the AFB, based on the suggestion of the PPRC, debated primarily on cross-cutting strategic issues related inter alia to the definition of concrete adaptation project and programmes as well as the project approval process. Accordingly, the secretariat was requested by the AFB to take on an analysis of the current project portfolio to assist project proponents, in order to identify the sectors as well as the vulnerabilities targeted by the so far submitted projects. In doing so, the secretariat should catalogue in its investigation key issues and key clarifications where it has often requested provision of additional information from the implementing entities. Since the secretariat has so far screened between 40-50 projects, there must be enough information about weaknesses and strengths of the revised proposals. This information could serve as basis to formulate future guidance for applicants relating inter alia to the concreteness of the adaptation measures, the demonstration of cost effectiveness and last but not the least the consultative process to be undertaken during the design and implementation of the project. It was also requested by certain members that there is the need to rank the review criteria into these elements, which were of key importance and not. This exercise should enable to better explore baselines of minimum requirements or a minimum scope that could be used as benchmark for the evaluation process.

According to the discussion on this matter the board decided to request the secretariat to prepare a document, which should reflect the lessons learned from the review process taking into account those areas where specific guidance of the AFB is needed by the proponent.

The issue of transparency should also be added in the review with regard to the screening process of projects by the secretariat. Germanwatch and other NGOs following closely the development of the Adaptation Fund have raised the need of clarification and of publishing the findings of the screening process of the secretariat. People in project countries and particularly those targeted by one project have the legitimate right to be informed on the process of approval pertaining their review. Furthermore it would further strengthen the credibility of the Board and could contribute to reducing the risk of countries lobbying for their projects.

Another crucial issues to be considered in the review process by the secretariat is related to the lack of guidance and discordance in all the project on the consultative process and the focus and involvement of the most vulnerable people in the project design and implementations. The Board should provide more clarity so that its strategic priority, which gives a pivotal role to the above-mentioned issues, does not remain pretty words that have indeed little effect in the practice.

## 5 Report of the sixth meeting of the Ethic and Finance Committee (EFC) meeting

According to its terms of reference, the EFC is responsible for providing advice to the Board on issues of conflict of interest, ethics, finance and audit. The EFC also met a day prior to the 15th meeting of the AFB for the sixth time to discuss several topics.

### 5.1 Knowledge Management (KM) Framework

Germanwatch has diligently and stepwise briefed and reported since the 12th meeting of the AFB on issues pertaining to the KM strategy of the Board. 12 This part of this report therefore reports back the key elements, which came up in the discussion in the EFC and in the Board as well as the decision taken by the AFB towards adoption of the KM.

Nonetheless it is worth reminding that the document to be debated gave a detailed scheme on activities and outputs to be undertaken as well as on involvement of the stakeholders in the management of knowledge. In one sentence, KM aims at improving the quality of project through treatment of information, data and knowledge, which should help the project countries better reducing the vulnerability and cost by enhancing the adaptive capacity as well as the resilience of the people in the project areas. In handling so, it is crucial to frame within a clear work plan the collection and assessment of data, information and at a last stage knowledge in a systematic manner in order to facilitate cooperation and better sharing of knowledge among all relevant stakeholders involved in the AF.

In the discussion, some members expressed their disappointment relating to the little inputs received from Civil Society Organisation side pertaining to the revision of the KM and the associated call for submissions. Some members took pain to admit that only Germanwatch has submitted some wording changes and requested for further clarification on the role of CSOs in the KM process. They all agreed that the involvement of CSO is vital as bridge between the local, national and fund level, since the AFB secretariat has a limited outreach impacts.

After studying the document and carefully considering the recommendation of the EFC in this matter, the Board decided:

To approve the Knowledge Management strategy and work plan, including the budget allocations; and to request the secretariat to move forward with the implementation of the strategy and to report to the Board at its 17th meeting on progress made during the implementation of the strategy<sup>13</sup>.

Knowledge management is a tool used across the world and all sector of activities to ensuring efficiency. It is often recognized as one of the key vectors for generating new knowledge and innovative ideas and solutions. Knowledge Management (KM) is a crucial issue for any institution, particularly for new institutions like the AF, which set itself the objective to help developing countries in their adaptation efforts to climate change. If the current KM is well implemented as adopted, it could help out the fund to

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<sup>12</sup> See Briefing on the 14th Meeting of the Adaptation Fund Board at [www.germanwatch.org/klima/af](http://www.germanwatch.org/klima/af)

<sup>13</sup> See document AFB/EFC.6/3

reduce costs, and also significantly increase the speed of reaction and implementation of activities. However, the role of the CSO remains crucial to the knowledge management and the success of the knowledge management will depend on the involvement of CSO in its implementation. It furthermore should be noted that the written input made by Germanwatch was based on consultation within a broad network of NGOs, where, however, limited capacity was available with other NGOs to engage in the submission in that particular time window. But generally the Knowledge Management Strategy was perceived as being a good consolidated document and a good starting point.

## **5.2 Guiding Principle of the Evaluation Framework**

The Evaluation Framework (EF) for the AF should help to understand concepts, function and use of evaluation within the AF as well as to set institutional structures and accountabilities of different entities participating in the Fund. It will particularly institute key conditions on how Fund activities should be evaluated in line with international principles, norms and standards.<sup>14</sup>

Since Germanwatch also has briefed and reported back on this issues since its initiation in the agenda of the AF, the below report should only focus on key decisions undertaken during the 15th meeting of AFB and their implication for further work of the fund.

Key questions on this agenda to be addressed by the Board were inter alia:

What would trigger an implementing entity level evaluation?

The type of civil society organizations that will be requested to participate in evaluations.

The discussion within the EFC, which later served as recommendation for decision-making by the board, was guided by the presentation of the GEF evaluation officer. The GEF officer highlighted in relation to the first question that the rationale is to reserve the Board the right to undertake an evaluation of any implementing entity at any time during the accreditation, if the AFB deemed it as necessary. Basically, the evaluation of an implementing entity could be initiated by one board member, through notification of the reason of its suspicion to the EFC. He also pointed out that two kinds of evaluations should be differentiated. If the evaluation trigger is related to the effectiveness efficiency of the implementing entity (IE), the IE should hire an independent evaluator, which should then a) evaluate the performance of the IE or b) assess the prevailing situation. If the reason of the evaluation is linked to mismanagement or corruption, the IE will be requested to apply the directive elucidated in the fiduciary standards such as transparency self investigation power as well as anti- corruption measures.

Thus, the EFC recommended the Board to amend the evaluation framework accordingly.

Regarding to the second question it was suggested not to be prescriptive, because the type of CSOs differs according to the type of projects. While on national level, international and national CSO representative could undertake the evaluation task, for local projects in contrast, community-based organisations are more appropriate for the assessment.

In the discussion within the EFC, it came up that the solution proposed for mismanagement and the way to tackle it seems to be to bundle audit, evaluation and investigation together. It is therefore well advised that the secretariat gathers information

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<sup>14</sup> See Germanwatch briefing paper on the 15<sup>th</sup> meeting of the AFB p. 13 [www.germanwatch.org/klima/af](http://www.germanwatch.org/klima/af)

pertaining to the practices of other funds. In addition it was also suggested that not only a board member, but also the EFC should have the right to trigger an evaluation process. Other members pointed out that it is mandatory for the IE to comply with the fiduciary requirements set by the Board, which foresees a transparent working mode and mechanism to prevent corruption. It is therefore incumbent on the IE through its accreditation not only to ensure that such tools are in place, but also that they truly work.

The Board after long discussion on this matter further requested the secretariat to present to the next EFC meeting a document on how to trigger a review or an investigation, including to address cases of financial mismanagement. The document should present examples of the experience of other funds and proposals on how to deal with the results of such a review or an investigation<sup>15</sup>.

In implementing the above-mentioned questions and the evaluation framework as a whole, the Board has in its hand two scenarios available

Option 1: elements for Terms of Reference for the members of the Technical Evaluation Reference Group (TERG) and suggestions of possible rosters of experts;

Option 2: elements of a Memorandum of Understanding with the GEF Evaluation Office and Council.

In considering the recommendations of the EFC, the Board requested the secretariat to provide elements relating to the Terms of Reference of the Technical Evaluation Reference Group and to the Memorandum of Understanding of the GEF Evaluation office.

Pertaining to the pros and cons of both above-mentioned options, it is worth noting, that the TERG would work under the guidance of the Board, like the Accreditation Panel. The cost of such an arrangement would amount to \$US 900.000 for the next three years, according to the Secretariat's estimate. It was also suggested that the member of the TERG would be limited to 4 with the possibility of increasing to eight members by 2014, and so on, while the use of the GEF evaluation office (GEF OF) gives the flexibility of increasing or decreasing the workload as needed. In addition, in the case the Board decided to use the GEFOF it could benefit from international well-recognised experts therein. In doing so, the Board would not need to hire new experts and could make an arrangement with GEF. The cost of this option is estimated to amount to \$US 430 000 for the next three years.

The concept of the TERG is based on the experience of the Global Fund to fight AIDS, and Tuberculosis and Malaria, which has an overall budget of billions, while the AF dealt with millions so far. It was suggested that the AF should use the option which is in line with its financial capacity. Furthermore it is quite difficult to find an appropriate evaluator on the field of adaptation as the GEF evaluation officer pointed out; the straightforward group of experts almost work on local level and have limited knowledge on global issues.

After a long discussion on pros and cons of both options it came up that the GEF EO option for the start is considered as more appropriate, since it seems to be more flexible and less expensive. Accordingly the Board decided to approve the option of entrusting the evaluation function to the GEF Evaluation Office, for an interim three-year period; and

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<sup>15</sup> This section is included in Draft Decision of the Adaptation Fund Board taken during the 15th meeting: Addendum to the report, AFB/B.15/L.1/add.1

requested the secretariat to publish the evaluation framework and disseminate it at the earliest possible opportunity.

### ***5.3 Report on the Implementation of the approved project from Senegal***

It was agreed in the agreement signed between the AF and the first accredited National Implementing Entity the Centre de Suivre Ecologique (CSE) of Senegal, that CSE shall provide semi-annually a report on the implementation of the project, which aims at adapting to coastal areas in three regions –Rufisque, Saly and Joal-of Senegal. The implementation started in February this year after the trustee has transferred to the CSE on behalf of the AF a first tranche for the implementation (US\$ 2.9 million including US\$ 125.000 as implementing fee). Since Germanwatch has presented the document on the implementation of the project in the briefing prior to this meeting, this part will simply focus on the decision taken by the Board in this matter.

Nonetheless, it is worth mentioning that the document pointed out that activities related to engagement and feasibility studies have been finalized and the sub-contract in charge of the infrastructure measure related to the project has been selected in a transparent manner. However the document also reveals reasons for some concern pertaining to the delay observed in the implementation of the project, partially justified through the transparent selection process. There is a low rate of disbursement of the money allocated to the implementation. However, the main area of concern is related to the CSE disbursement of almost 50% of the money dedicated for evaluation despite the implementation has not really started yet.

Thereupon, the secretariat in its exchange with the CSE clarified its need for a comprehensive disbursement schedule of activities, procurement details of the contracts selected as well as information on the disbursed money for evaluation, before the second tranche could be transferred.

In the discussion on this matter in the EFC, some delegates suggested to strictly disburse the second tranche only when the information requested is provided by the CSE. Other member suggested mandating a committee with the task of checking whether the information provided by the CSE is accurate. The later suggestions did not get support by all members, because of having later one dangerous precedent.

The Board members, after having exchanged their view on this matter, decided to take note the semi-annual report and additional information provided by the CSE. The Board should at the later date decide, upon provision of the information requested, on approving the disbursement of the second tranche of US\$ 1.75 million to CSE, potentially during the intercessional period.

### ***5.4 Implementation of the code of conduct***

As its name shows the EFC of the Board is also in charge on ethical issues of the Board and formulated code of behaviour pertaining to critical issues of the fund.

Background of the insertion of this item in the agenda of the EFC was the increasing attempt to lobby for the approval of project to be considered by the PPRC. During the last meeting the chair of the PPRC, Mr. Hans Olav Ibrekk, regrettably informed its members

that during the PPRC meeting one member reported to him about having been improperly lobbied by an official member of the Board with a relation to the project, whose behaviour in that sense has been constant. The chair himself mentioned that he has also been the subject of lobbying in form of a telephone call from the embassy of that country in his home country Norway. He told the caller and made clear that he is not willing to discuss about any projects, and stopped the conversation.

In the discussion it came up that a conflict of interest does not exist by allowing himself to be told improperly about a project, but rather by tolerating a discussion when it is clear that members have been the subject of lobbying. The EFC therefore called all the members who have been subject of lobbying to report it back to the Board or one of its committees, based on their consciousness and integrity. The Chair pointed out that the report of the EFC should call for a commitment to the code of conduct. He further reminded that basically the membership to the AFB could terminate by a decision of the Board pursuant to the communication of the EFC that a member breaches the code of conduct. Therefore it was also suggested that the member who was concerned to having lobbied for a project should be invited by the Board to explain the reason of the action and after considering the explanation, the Board may decide whether it should initiate a mechanism for termination of the membership.

After further discussion and consideration within the Board, it decided to follow the recommendation of the EFC, which stipulates:

To recall the importance of maintaining integrity among board members, (b) remind that lobbying represents a breach of code of conduct, (c) request the Board member whose behaviour has drawn the attention of the EFC to explain the situation for further consideration by the Board.

### ***5.5 Financial status of the Adaptation Fund Trust***

The Trustee reported to the EFC the status of the Adaptation Trust Fund, whose content has been both reported back by Germanwatch in its briefing paper prior to the meeting and in the document prepared by the Trustee for the meetings.<sup>16</sup>

The Trustee regrettably noticed that there have been no new donations since its previous report, and it is still working with France to finalize its donation of US\$ 53,000. What the Trustee did not address, but which should not be forgotten is that during COP16 Australia made a pledge to contribute AUS\$ 15 million to the Adaptation Fund, which, however, has not yet been received by the Trust Fund.

The Trustee also mentioned that two thirds of the total amount of the funds originated from CERs, whose sales were proceeding at the regular day pace of 10, 000 CERs the day. Furthermore it came up from its intervention that the cumulative funding decisions currently amount to a distribution of 86% for MIEs and 14% for NIEs. However, so far this does not conflict with the rule that of the overall available resources no more than 50% should be allocated to projects submitted by MIEs.

The Trustee also explained that there was a sharp decline in CERs price over the last summer, so that it was not able to undertake to sale more than the daily pace as mentioned above.

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<sup>16</sup> See AFB/EFC.6/5.: <http://adaptation-fund.org/sites/default/files/AF%20Financial%20Status%20Report%2006-30-2011%20-%20Final.pdf>

## 6 Issues remaining from the 14<sup>th</sup> meeting of the Board

Pertaining to the website the secretariat indicated that it has received only one comment from civil society on how to better design the website and make it more users friendly. The Board welcomed the comments made by the CSO and however expressed its disappointment that only one CSO has submitted its comment, which in fact has also commented the knowledge management framework. One member suggested that the accreditation panel should put on the website a complaints procedure of the projects.

Under other matters the Board also discussed the delay in the implementation of the project “climate change adaptation programme in Water and agriculture in Anseba region, Eritrea” (UNDP). The Ministry of Finance approved in March this year and since then the UNDP acting the project as the MIE is waiting for signature in order to begin the implementation. After a long discussion the Board decided to extend to three months the project start-up, subject of confirmation as whether the project will indeed start in three months.

## 7 Dialogue between the AFB and civil society

At the end of the AFB meeting, when almost all of the AFB members were still present, some time was reserved for the dialogue with civil society organisations. This “tradition” started at the 12th AFB meeting right after Cancún and has proved to be an important opportunity for civil society to raise specific points.

One concern raised by Rachel Berger from Practical Action, a well-experienced development NGO from UK, was the issue of transparency and closed meetings, since this time as well as during the last AFB meeting some parts of the meeting (in addition to the committee meetings) were held closed. Of course CSOs are aware of the fact that some debates touch on sensitive issues and confidentiality may be required, however this should be limited as much as possible. The AFB chair and other AFB members made clear that despite the need to close specific parts of the discussions for confidentiality reasons they clearly try to minimise this as much as possible, and also gave explanations for the closings during this meeting.

Another part of the discussion addressed the role of CSO engagement in the operations in the AFB. Some AFB members expressed the need of more CSO engagement not only at the Board level, but also on the project level with a view to ensuring fruitful implementation of the projects funded by the Board. They also voiced their disappointment that only one NGO had submitted comments on the website and the Knowledge Management Strategy (see above). Sven Harmeling from Germanwatch and Rachel Berger both explained that the submissions were based on some joint discussions, but that Germanwatch took up the role of submitting them.

Nevertheless it was agreed that increasing the engagement of NGOs within developing countries is quite crucial and should be seen as a joint undertaking. Germanwatch

explained the approach behind the AF NGO Network<sup>17</sup> which currently evolves in a partnership of several NGOs, including partners in AF project countries Honduras, Senegal and Jamaica. One partner from Benin, Krystel Dossou from OFEDI, was also present at the AFB meeting. A key rationale behind the network is to facilitate the in-country engagement of civil society in the implementation of AF projects with the objective of ensuring that the needs of the most vulnerable are truly taken into account. Members of the network also distribute such knowledge widely inter alia through the AF NGO Newsletter, which contains brief articles from AF project countries and is available in English, French and Spanish.<sup>18</sup> In this context it should also be recognised that so far Senegal has been the only country, which explicitly included NGOs as executing entities in the AF project.

The next CSO dialogue will take place a day prior to the 16th meeting of the Board, which is scheduled back to back to the COP in Durban on December 12-14, 2011.

## 8 2012 AFB meetings

The AFB also agreed on the dates of the 2012 AFB meetings:

- 17<sup>th</sup> meeting of the AFB from 14-16<sup>th</sup> March from Wednesday to Friday to be held in Bonn.
- 18<sup>th</sup> meeting of the AFB from 20-22<sup>th</sup> June. This meeting will not as usual take place back to back the Bonn UNFCCC's SBI session.
- The 19<sup>th</sup> meeting of the AFB: at the 12-14 September and the 20<sup>th</sup> meeting will be held back to back to the COP.

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<sup>17</sup> See [www.af-network.org](http://www.af-network.org)

<sup>18</sup> <http://www.germanwatch.org/klima/afn3.htm>

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