

# BRIEFING ON THE 15<sup>TH</sup> MEETING OF THE ADAPTATION FUND BOARD

By Alpha O. Kaloga and Sven Harmeling



## **Brief Summary:**

This briefing paper summarises the key issues that are on the agenda of the 15<sup>th</sup> meeting of the Adaptation Fund Board, which governs the Adaptation Fund set up under the Kyoto Protocol. It will take place from 15th to 16th September in Bonn.

Among the key issues are the consideration 12 project and programme proposals to be approved or rather endorsed by the AFB, the accreditation of further implementing entities, including two National Implementing Entities from South Africa and Belize, and the last review of the Operational Policies and Guidelines for Parties to access resources from the Fund. In addition it is expected that the Board consider the revised document related to the Evaluation Framework as well as to debate those related to the true cost of regional project within the set country cap.

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## Executive Summary

The 15<sup>th</sup> meeting of the Adaptation Fund established under the Kyoto Protocol is going to take place in Bonn from the 15<sup>th</sup> to the 16<sup>th</sup> November in the UN Campus at Bonn. This meeting is the Fund's last meeting (AFB) before the Durban climate summit (COP17).

The highlight of the meeting will surely be the accreditation of two National implementing Entities tackling the innovative direct access way. The South African National Biodiversity Institute (SAMBI) has already been accredited intersessionally. The SANBI is responsible for exploring, revealing, celebrating and championing biodiversity for the benefit and enjoyment of all of South Africa's people. It also develops strategies to improve the biodiversity management of these areas and assists in implementing these strategies in partnership with relevant stakeholders. The Second NIE is the Protected Areas Conservation Trust (PACT) in Belize. PACT is a strategic partner in the funding management and sustainable development of Belize's natural and cultural resources for the benefit of Belizeans and the global community. It is a small institution with long experience in financing and implementing small size project. Both accreditations of NIEs undermine the direct access approach as needed by developing countries and achievable. This step in the operationalization of the AFB could be seen as a strong signal to all critics, that despite the small size of NIE applicants in the beginning of the process, developing countries are becoming more confident to tackle the tricky but manageable accreditation process.

The Adaptation Fund Board meeting will actually start a day before on the 14<sup>th</sup> September, when the Board committees, the Project Programme Review Committee (PPRC) and the Ethics and Finance (EFC) will meet in closing session. While the PPRC will consider projects proposal for funding, the EFC will deliberate on ethical, evaluation and financial issues related to the Fund.

The discussion and potential approval of a number of concrete projects will be one of the main tasks of the AFB. Unfortunately, for this meeting there is no project proposal submitted by National Implementing Entities, only accredited Multilateral Implementing Entities have submitted 12 proposals - 5 project concepts and 7 fully developed proposals - with the total amount of US\$ 81,004,278.<sup>1</sup>

The EFC will also during its one day meeting consider the revised version of several documents. One of them is related to Knowledge Management of the Board. The Knowledge Management intends to assist the AFB to better capitalize and manage the generated knowledge. It also funded projects in country level to support policy makers in order to guide scientifically and to make good decisions on adaptation. In addition, The EFC should debate on the document regarding the Evaluation Framework, which aims at formulating conceptions on function and use of evaluation within the AF as well as setting of institutional structure and accountabilities of different entities participating in the Fund. It is expected that the EFC will make its final recommendation pertaining to the pending review of the Operational Policies and Guidelines. Last but not least, the EFC members will also debate how regional projects and programmes will be financed within the interim country cap.

Noteworthy is the report on implementation of the Centre de Suivi Ecologique the first accredited NIE and the first agency to ever implement project under the Adaptation Fund. The report shows some delays in the implementation of the projects according to the time schedule as agreed on. This delay spawns some risks with, which need to be mitigated in frame of the risk management system.

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<sup>1</sup> For an overview of all mentioned proposals, see <http://adaptation-fund.org/projectprogrammeproposals>

# 1 Report of the 7<sup>th</sup> meeting of the Accreditation Panel

The Accreditation Panel (AP) met on August 8 and 9, 2011 to review both new and existing applications. The teleconferences with applicants were also held to communicate, ask questions and provide direct guidance required for additional documentation. It has received one NIE and one new MIE application for accreditation. The Panel also reviewed one Regional Implementing Entity (RIE) and six other NIE applications that were previously reviewed but not reasonable enough to make its recommendations. These Implementing entities are the following:

## 1.1 *South African National Biodiversity Institute (SANBI)*

The application with relevant documentation was submitted to the secretariat on May 2, 2011 electronically, which forwarded it after its initial screening to the AP. The AP reviewed the application of the NIE during its sixth meeting and agreed that the application has strong capacity in terms of financial and management fiduciary standards although there were some gaps to fill. After several exchanges of information, the Board decided according to the recommendations of the AP, which are<sup>2</sup>

- (a) Intersession ally accredited the SANBI as NIE ( Decision B.14-15/6) and
- (b) Request the secretariat, when reviewing project/programme proposals submitted by SANBI, to ensure that ministerial approval has been granted to those that do not have a direct link with biodiversity.

## 1.2 *Protected Areas Conservation Trust (PACT), Belize*

The application with supporting documentation was submitted to the secretariat, which forwarded to the accreditation Panel after screening on July 11, 2011. The Panel reviewed the application of the NIE during its seventh meeting and agreed that the application demonstrated strong potential for accreditation. Although the PACT is a small corporate organization with annual less than 1 million grants, it has executed its function in the transparent manner and grants to the specific organisations for specific projects related to its objectives. After several exchanges the AP agreed 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. Therefore, the AP recommends the Board that PACT be accredited as the NIE for Belize subject to the following conditions:

PACT should provide semi-annual progress reports on AF projects; and should have in place to the satisfaction of the accreditation Panel and before the approval of the first project:

- A formal annual internal control statement signed by its Executive Director and the Board and to be issued with the financial statements;
- A formal mandate for the Finance Committee of the Board to execute the functions of an audit committee; and

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<sup>2</sup> See Annex I of Report of the Seventh Meeting of the Accreditation Panel [http://www.adaptation-fund.org/sites/default/files/AFB.B.15.4%20Report%20of%20the%20Accreditation%20Panel\\_1.pdf](http://www.adaptation-fund.org/sites/default/files/AFB.B.15.4%20Report%20of%20the%20Accreditation%20Panel_1.pdf)

- A public antifraud policy that demonstrates a zero tolerance attitude. (Recommendation AFB/AP.7/1)

Nevertheless it will be interesting to see how this organisation will be able to deal with the implementation of multi-million dollar projects.

### **1.3 African Development Bank (AfDB)**

The application has been sent to the secretariat on September 20, 2010, which after having screened forwarded to the AP. The AP agreed that the application for MIE accreditation was strong in relation to the fiduciary standards although some questions remained unresolved. However, the AP pointed out that the accreditation is less strong relating to projects implementation, although it demonstrates an adequate project identification and approval process.

After intensive consultation with AfDB and after having receiving additional documents, the AP recommended that the African Development Bank be accredited as an MIE, subject to the following conditions:

- I. That the AfDB describes in any project proposal the capability of the local office to implement, monitor and close the proposed project in light of the decentralization process of the AfDB.
- II. The AfDB delivers annually and within three months after year an independent grant audit report covering the open projects that the AfDB handles on behalf of the AF. This audit can be done by or under the supervision of The Office of the Auditor General of the AfDB<sup>3</sup>.

### **1.4 Other Implementing Entities**

Furthermore the Board decided not to accredit NIE 1, because the applicant has not been able to sufficiently address the AP queries and requested for further documentation (Recommendation AFB/AP.7/3). The AP recommends to the Board to conduct a field visit to the applicant NIE 24 to monitor. The applicant will be a reasonable candidate for accreditation as NIE when the applicant would be able to full fill the requirement of the Panel. Given 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 MIE are in the accreditation process pipeline and the applications will be considered by the next meeting.

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<sup>3</sup> Recommendation AFB/AP.7/2: Further conditions are listed under this items see Seventh Meeting of the Accreditation Panel [http://www.adaptation-fund.org/sites/default/files/AFB.B.15.4%20Report%20of%20the%20Accreditation%20Panel\\_1.pdf](http://www.adaptation-fund.org/sites/default/files/AFB.B.15.4%20Report%20of%20the%20Accreditation%20Panel_1.pdf)

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

## 2 Items to be considered by the Project/ Programme Review Committee <sup>5</sup>

The Project and Programme Review Committee (PPRC) is responsible for assisting the Board in tasks related to project/programme review in accordance with the OPG, and for providing recommendations and advice to the Board thereon.<sup>6</sup>

For this meeting there is no proposal submitted by a NIE and accredited MIE submitted 12 proposals with the total amount of US\$81,004,278. Upon the guidelines of the initial review, some proposals revised their funding request so that the accurate funding requests amounted to US\$81,523,110, including US\$ 6,587,764 or 8.2%<sup>7</sup> of implementing entities management fees and US\$ 6,866,084 or 8.5%<sup>8</sup> of execution costs. Among the 12 proposals included 7 were fully developed project documents and 5 are only concepts.

The United Nations Development Programme (UNDP) submitted five fully developed proposals<sup>9</sup> from Cook Islands, Georgia, Papua New Guinea, Mauritius, and Samoa and one new concept proposals from Mali. Among the fully developed proposal, the concept proposal of the three first - Cook Islands, Georgia, Papua New Guinea - were endorsed at earlier meetings, while the proposal of Mauritius was considered as a concept at the 10th meeting, It has been deferred by the Board, before the fully-developed project document has not approved at the 12th meeting.

The United Nations Environment Programme (UNEP) submitted two fully-developed project documents on behalf of Tanzania and Madagascar. The Tanzania project is in the meantime well known and has been submitted three times for consideration as a fully-developed project in the last three meetings of the Board, but was not approved. The proposal concept for Madagascar was endorsed by the Board at its 11<sup>th</sup> meeting, but was not approved as a fully-developed project at the 14<sup>th</sup> meeting of the Board.

The World Bank has submitted a project concept for Belize, and the World Food Programme (WFP) submitted project concepts for Egypt and Mauritania, while World Meteorological Organization submitted a second project concept for Mauritania.

It also became clear that all proposals are regular projects because they do not exceed the \$US 1 million mark of a small size project. The funding requests for all fully developed proposals ranges from Madagascar \$US 4,504, 920 to Tanzania \$US 9,814, 517 have an average of \$US 5,568, 203 including management and executing fees.

All proposals provided a budget on fee use and are all below the interim country cap of \$US 10 million. In the case of Mauritania which has submitted two projects through different MIEs the country cap is exceeded. The cumulative budget allocation for funding projects submitted by MIEs should not exceed 50 per cent of the total funds available in

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<sup>5</sup> Report of the secretariat on initial project/programme review: [http://adaptation-fund.org/sites/default/files/AFB.PPRC\\_.6.3%20Report%20of%20the%20secretariat%20on%20project%20review.pdf](http://adaptation-fund.org/sites/default/files/AFB.PPRC_.6.3%20Report%20of%20the%20secretariat%20on%20project%20review.pdf)

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

<sup>7</sup> The implementing entity management fee percentage is calculated compared to the project budget including the project activities and the execution costs, before the management fee.

<sup>8</sup> The execution costs percentage is calculated as a percentage of the project budget, including the project activities and the execution costs, before the implementing entity management fee.

<sup>9</sup> For an overview of all mentioned proposals, see <http://adaptation-fund.org/projectprogrammeproposals>

the Adaptation Fund.<sup>10</sup> According to the Trustee report the cumulative funding decisions for projects submitted by MIEs as of June 30, 2011 amounted to US\$51.95 million, the cumulative funding decisions for all projects amounted to US\$60.63 and the fund available to support AF Board funding decision amounted to 71.57 million. Thus, the cumulative funding decisions for projects submitted by MIEs represented 26.1% of the sum of cumulative project funding decisions and funds available to support funding decisions of US\$232.2 million.

**Table 1: Project proposals submitted to the 15<sup>th</sup> Adaptation Fund Board meeting**

Country	IE	Financing requested (USD)	Stage	IE Fee, USD	IE Fee, %	Execution Cost (EC), USD	EC, % of Total
Belize	WB	10,000,000	Concept	780,000	8.46%	950,000	9.50%
Cook Islands	UNDP	5,381,600	Full	421,600	8.50%	460,000	9.27%
Egypt	WFP	8,575,892	Concept	561,040	7.00%	695,353	8.68%
Georgia	UNDP	5,316,500	Full	416,500	8.50%	330,000	6.73%
Madagascar	UNEP	4,504,920	Full	352,920	8.50%	392,000	9.44%
Mali	UNDP	8,533,349	Concept	668,511	8.50%	682,338	8.68%
Mauritania	WFP	9,995,145	Concept	653,888	7.00%	810,429	8.68%
Mauritania	WMO	4,171,825	Concept	326,825	8.50%	345,000	8.97%
Mauritius	UNDP	9,119,240	Full	714,410	8.50%	500,000	5.95%
Papua New Guinea	UNDP	6,530,373	Full	511,596	8.50%	517,027	8.59%
Samoa	UNDP	8,732,351	Full	684,101	8.50%	698,250	8.68%
Tanzania	UNEP	6,336,061	Full	496,373	8.50%	485,688	8.32%
<b>Total</b>		<b>87,197,256</b>		<b>6,587,764</b>	<b>8.17%</b>	<b>6,866,084</b>	<b>8.52%</b>

Furthermore the submitted proposals provided all an explanation and breakdown of their execution costs and other administrative costs. They were also in compliance with the 9,5% cap project budget fees.

*The recommendation to the Board on approval of a number of concrete projects will be one of the main tasks of the PPRC. This is a step backwards in term of transparent working mode, since the secretariat provides during the last meeting a compilation of its initial review recommendation pertaining to the approval of projects*

<sup>10</sup> Decision B.12/9 See Report on the 12<sup>th</sup> meeting of the AFB [http://adaptation-fund.org/sites/default/files/AFB\\_12-Report.pdf](http://adaptation-fund.org/sites/default/files/AFB_12-Report.pdf)



### 3 Items to be considered by the Ethics and Finance committee

The Ethics and Finance Committee (EFC) is responsible for providing advice to the Board on issues of conflict of interest, ethics, finance and audit<sup>11</sup>. During the next meeting, which will be its 5<sup>th</sup>, the EFC will examine following documents before it makes recommendation to the Board for adoption

#### 3.1 *How regional projects and Programmes could be considered within the country cap*

At the 14<sup>th</sup> meeting of the AF, the Board requested to its secretariat to prepare a document based on the discussion made during the Board meeting and the suggestion of the ad hoc committee<sup>12</sup>. The ad-hoc committee is in charge to consider and debate on the issues of regional criteria, country cap and definition of regional projects/programmes. It was expected that the prepared document takes into account the interim nature of the country cap and the relationship to the cap of Multilateral Implementing Entity. Furthermore, the document should guide, whether allocations within regional projects and programmes are equated to national projects and programmes or not. Since the 14th meeting did not come up with a decision, the secretariat was requested to inform the regional implementing entity not to submit a regional project until the AFB will deliberate the issues.

Several core documents of the AFB contain provision for regional projects.<sup>13</sup> In order to carry out these provisions, it is worth asking which add values regional approaches should spawn to be financed by the Board.

The amount of regional adaptation projects implemented is too limited to draw meaningful conclusions on their impact. Also, bodies such as the IPCC and the Nairobi Work Programme do not consider profundity of the benefits of regional programme and therefore give almost basic importance on it implementation. However, they agree that regional projects are “*especially important to harmonize climate monitoring and prediction and the development of global and regional data sets*”<sup>14</sup>.

Since adaptation to climate change is a transboundary challenge - addressing issues related to international water, mountain systems and agro- ecological zones - it may be sometimes more suitable to deploy a regional approach in order to collect and generate regional knowledge for ensuring effective and sustainable output in the targeted areas. Also a regional project may be cost effective, since it could generate replicable knowledge for a number of countries simultaneously and strengthen cross learning and regional cooperation.

<sup>11</sup> See document AFB/B.6/6 on the Adaptation Fund Board committee p.2

<sup>12</sup> The set ad hoc working group is composed of the Chair and Vice-Chair, four members from the Ethics and Finance Committee and four members from the Project and Programme Review Committee

<sup>13</sup> Para 13 of the Operational Policies and Guidelines of the AFB stipulates “*Funding for projects and programmes will be available for projects and programmes at national, regional and community levels*”. In the strategic priority it is also mentioned in para 16 that: 16. *The decision on the allocation of resources of the Adaptation Fund among eligible Parties shall take into account: [...] (e) Securing regional co-benefits to the extent possible, where applicable [...]*

<sup>14</sup> Consideration of Country cap in the context of regional projects AFB/B15/5 p.3 see: <http://adaptation-fund.org/sites/default/files/AFB.B.15.5%20Consideration%20of%20country%20cap%20in%20the%20context%20of%20regional%20projects%20and%20programmes.pdf>

The ad-hoc committee is taking into account the fact that the AF is mandated to finance the full cost of adaptation actions suggested that the Board may finance certain types of investment compared to other. Considering this, the Board should finance areas, where they could play a pioneering role, able to fill key gaps and sponsor best practices. In the case of the AF, there are two types of cost, *ones that can be clearly assigned to activities in a given participating country, hereafter “country-specific costs”, and ones that cannot, “regional costs”*<sup>15</sup>. The secretariat has indentified following options on how to approach the issues:

- (a) All costs, both country-specific and regional ones, are divided among participating countries, and those shares are counted towards the cap of that country; (b) the country-specific costs within a regional project or programme are counted towards country cap but an additional allocation is granted for regional costs; and (c) an additional allocation for all costs could be disbursed by instituting a separate cap for regional projects and programmes. Such projects and programs could also include country-specific and regional costs.

The easy option will be the option (a) whereby the Board would intend to encourage regional projects, and option (b) implicates that regional projects could be more cost intensive as the national one. It is therefore well advised to allocate a part to the regional activities. Thus, one can address regional project, if one counts the additional cost related to the regional directly within the execution cost, it may be tricky to assess the truly country part. The option (c) is favourable for the case that the board would like to promote regional projects. Costs originating from the need of coordination of project in the regional level should be accounted under execution costs, or those addressing several countries at the same time such as workshop could only be budgeted under regional cost. Pertaining to the above listed options, particularly option (b) and (c) the adequate way of setting additional cost of regional projects will be by using of country specific additional caps. Regarding the alternative options, the ad hoc committee suggested to the option (c). It is important that the Board identifies such strategic areas for investment. The board is suggested to select pro-rated manner for the allocation of money, so that it can ensure that each country can get it's truly cost according to the whole allocated money.

Regarding the definition of regional projects, it is first of all important to mention that the existing meaning of regions is related to the UN constituencies. In this context the following proposals could be considered:

- (a) Countries grouped together based on an existing classification; or (b) Countries that share a border; or (c) Countries that are within the same continent/broad geographic area and that share similar adaptation challenges<sup>16</sup>.

Pertaining to the option (a) the Board needs to clarify the eligibility criteria of regional projects (for example: how many countries are allowed to participate together in the regional project, whether a group of countries can submit more than one projects or not and etc.). Furthermore, the Board should decide on the minimum number of countries for regional projects.

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<sup>15</sup> Consideration of Country cap in the context of regional projects AFB/B15/5 p.4

<sup>16</sup> No two countries have exactly similar adaptation challenges. Therefore, some countries might be grouped together for a regional project in one sector where they share challenges but not in another. The justification of countries as sharing the same adaptation challenges could be considered at the project/programme stage, with an additional review criterion for this purpose

Based on the country cap of \$US 10 million, the total amount for regional projects will be the multiples with \$US 50 million, for a regional project of five countries. However, considering the implementation problem, it is suggested not to allocate additional amount for regional projects as such, but rather a flat rate of \$US 20 million for regional projects regrouping 4 countries and so on.

Moreover, the ad hoc committee proposed to the secretariat to highlight the interim dimension of a country cap and to keep an eye on the available funds in the AF.

Regional projects should be understood in the sense of the AF not as a big group of countries on a continental level, but rather as a small group of countries based upon locations in given geographical area<sup>17</sup> and sharing common environmental or ecological goods. The Board in its deliberation should consider all the options and their implications as mentioned above. However, the document does not address the issue of regional project formulation cost, since the design of project could bring with additional cost. Regarding the implication of the country cap for the regional project, it is important not to see the country cap as a borderline for regional project cap. In conclusion, the Board should also allocate a year a certain amount of its available fund such strategic areas, where it may play a pioneering role.

### **3.2 Which Knowledge Management Strategy should the AF adopt?**

The document presents a strategic framework for managing the Fund generated knowledge at corporate and project level, and offers a solution for organizing the exchange of information between the secretariat, the implementing entities and all interested stakeholders complement the project level results framework and baseline guidance document that it provides.<sup>18</sup>

Knowledge Management (KM) is a crucial issue for any institution, particularly for new institutions like the AF, which has set itself a target to reduce vulnerability and enhance resilience of people in the funded regions. Therefore, it is crucial that the AF becomes a strong body of knowledge management, whose information should guide scientific and policy to formulate guidance and make good decisions. Knowledge<sup>19</sup> is the interpretation of the reality based on the experience gained. It is a set of actions developed, captured and disseminated in a systematic manner. There are several tools that help the management of Knowledge. While data are facts, examinations, or measures that have been minuted but not put into any meaningful context, and information that has been coordinated in a systematic way to set order and meaning. Thus, Information Management is the collection of information from one or more sources and the distributing them among one or more audiences. Knowledge is the aptitude to perform and take informed decision based on the information available and communication is the activity of conveying meaningful information. Both Knowledge management and communication are complementary. They both are using the same actors and have the potential to help for reducing cost through avoiding duplication in generating lessons suitable for all interested stakeholders.

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<sup>17</sup> Manu River Union: Guinea, Sierra Leone, Liberia, Autorité du Bassin du Niger etc.

<sup>18</sup> See AFB/B.14/Inf.6 and the corporate communication strategy (AFB/B.11/8).

<sup>19</sup> Often knowledge management is misunderstood and seen as information management or communication. While the boundaries among these sectors are blurred and often their competencies overlap, it is useful to clarify the differences.

Since the AF has included knowledge management in its result based management and capturing lessons learned, KM should assist the Board to take decisions on resources allocations. 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 enhancing the adaptive capacity as well as the resilience of the people in the project areas. To manage knowledge strategically takes time and experiences from the manager. To handle it the Board will use the following two criteria:

- (a). Efficiency: It is the capability to capitalize lessons learned to minimize errors and duplications. It helps to avoid the knowledge loss and it has generated
- (b). Effectiveness: it is about projects' ability to effectively address adaptation issues by increasing the number of National Implementing Entities as well as beneficiaries' satisfaction.

Of course the management of knowledge will not only be undertaken at the funds and implementing countries level. It is expected that the recipient countries play a key role and the level of their involvement will determine the accuracy of the knowledge. Thus, the recipient country should compile and share the information and lesson learned with the relevant stakeholders during the implementation of the project. After the implementation of the project they should also develop the outputs for the successor of the project to ensuring the sustainability and long term impacts of the project. To facilitate the whole idea and to reduce the burden of the project teams, the AF secretariat can play a pivotal role by acting as a hub for collecting information and sharing the lesson learned.

The working plan as noted in the document takes into account the fact that the fund is a young institution with a strong growing potential. Thus, the document gives flexibility to its work plan to be adjusted as deemed as necessary and therefore indentifies fives actions for the time frame from 2011 to 2013:

**Action 1: Identify Project Learning Objectives (PLOs):** To best fill the gaps, it is well advised that countries should identify at the early stage of the project what kind of information and data can increase the impact of the project. This should be undertaken by the implementing entity, jointly with the government and the AF Board Secretariat. Advancement on the fulfilment of the objectives of the projects should be reported through the Fund's project reporting systems which are already in place, such as the Project/Programme Performance Report (PPR) and the Project/Programme Terminal Evaluation (PTE). It is also decided to incorporate those reporting systems into the proposals by the end of 2012. Guidance on how to determine the PLO will be provided prior to the meeting. The estimate amount of the execution cost of the aforementioned task is about \$5000.

**Action 2: Provide guidance to the country to carry out their KM activities:** In order to assist the recipient countries to undertake their KM activities, the secretariat should provide them the KM toolkit, project website and offer an on-line repository of information. The resources needed are estimated for the two years is about \$ 20, 000.

**Actions 3: Collect, organize and analyze project/programme data, information and Knowledge:** For this action the AF secretariat should play a key role in collecting, analyzing and organizing the information generated at the project level. To this end the Board should indentify its learning themes as part of the tagging system of project documents. Furthermore it should analyse data, experiences and disseminate lesson learned from projects based on the fact sheets, publications, videos that captured during the project time. In addition, the AF Board Secretariat will produce a series of thematic reviews on the main adaptation issues that the Fund is tackling through its projects, based on existing data and information. And last but not the least, it is also

expected that the AF will create an online central repository for project's lessons learned. All these actions are stepwise planned in the time slot between 2011 to 2013 and the estimated budget for two years is about \$ 25,000.

**Action 4: aims at promoting collaboration and knowledge sharing on adaptation issues, enhancing the engagement with Civil Society:** The AF sets a priority on KM initiatives that aims at connecting various sources of knowledge and information's on adaptation particularly from the civil society. In order to achieve this objective the Fund intends to develop activities (i.e. videoconferences, workshops, virtual conferences) to support the transfer of knowledge on how to generate, analyze and share information and also how to raise awareness on adaptation field as well. The fund could also assist by co-financing selected activities, developed by the Civil Society Organizations, aimed at enhancing learning and knowledge sharing on Adaptation related issues. Several activities are planned for the next two years. It is worth noting that a form and guidelines for CSOs to enter proposals developed by November 2012. The estimated budget for all these actions during the next two years is about \$ 30, 0000.

**Action 5 should systematize and share with all stakeholders the Fund's innovative experiences in funding and operating modalities.** The systematisation of the lessons learned and experience of the fund project (because of its pioneering new modalities governance, funding mechanism and direct access approach) could be shared among all interested stakeholders. The resources needed to undertake this task in the next two years is about \$ 40,000.

**Action 6 intends to develop an improved system to track the Fund's decisions and documents in order to improve its effectiveness and enhance transparency.** This action is in line with the RBM goal "to improve the effectiveness and efficiency of the Fund operations", while enhancing transparency. To achieve this objective the current document database, as available at the AF website should be more users friendly to avoid the difficulty of sharing information through the Fund's website.

### Annex 3 - AF Knowledge Process



Keys terms used in the table: **Gather and Organize:** This task will be undertaken by the Fund's staff, it consists of collecting and organizing relevant information and knowledge available (internally and externally), in order to contribute to an updated and systematized body of knowledge accessible online to all Fund's stakeholders; **Learning** is regarded as an essential part of the strategy as it ropes the creation of a knowledge culture within the Fund and among its stakeholders. **Generate** should be a helper to the add value of the AF knowledge in the Adaptation discussion. **Sharing** is related to the exchange of the knowledge generated in the implementation of the project among the interested

stakeholders. Apply as the last step concluded the Km process and is an evidence based results and lesson learned through the KM activities.

### **3.3 Towards a solid Evaluation Framework**

An Evaluation Framework (EF) for the AF should help to understand, conceptions, function and use of evaluation within the AF as well as to set institutional structure and accountabilities of different entities participating in the Fund. It will particularly institute key conditions for how Fund activities should be evaluated in line with international principles, norms and standards. This framework is not designed for aspects of trustee management, financial and managerial audit, or investigation mechanisms at the Fund, implementing entity or project/programme levels, which may be subject to other provisions of the Fund's by laws.

At the 14<sup>th</sup> meeting of its Board, the AF members requested the secretariat to elaborate a revised version of the EF based on the recommendation made by the Ethic and Finance Committee as well as on further clarifications in two areas as follows:

- a) What would trigger an implementing entity level evaluation; b) The type of civil society organizations that will be requested to participate in evaluations.

Three options for implementing the EF were presented during the last meeting, which were analysed in detail by Germanwatch in its briefing prior to the 14<sup>th</sup> meeting and the report on the key decisions of the same meeting<sup>20</sup>. Therefore the present briefing will analyse key tracked change as listed below to be considered during the 15<sup>th</sup> meeting.

Having considered the recommendation of the EFC, the board narrowed<sup>21</sup> the options and requested the secretariat to provide further information on the below listed options:

- 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.

### **3.4 Further information on options for the implementation of the accreditation framework, including costs**

#### **3.4.1 Option 1: Technical Evaluation Reference Group (TERG)**

This option is based on the model, Global Fund to Fight AIDS, Tuberculosis and Malaria, and related experience in UNAIDS, accordingly the AFB could establish its own TERG. The TERG will act as independent evaluation advisory group, accountable to the Board,

<sup>20</sup> Both documents are available under [www.germanwatch.org/klima/af](http://www.germanwatch.org/klima/af)

<sup>21</sup> For the 14<sup>th</sup> meeting the secretariat suggested three options. The Board decided to further consider the two last options as mentioned above and option 1 have not been convincing enough to be further taken into account

and in charge of the accomplishment of the EF of the AFB. It has an oversight function of the evaluations on behalf of the Board and its Committees according to the Evaluation Framework and an agreed work program. Among its duties, the TERG would prepare with the administrative support of the secretariat an annual evaluation work following the evaluation conditions to be discussed within the EFC and approved by the AFB.

The members (minimum 4) of TERG will be hired for maximum three years (not renewable) and should be experts in evaluating projects and programmes. The members of the TERG should serve in their personal capacities the Board and will in exercising their function not represent their constituency or employers. Although the documents listed the number of capacities the member of the TERG should have, it is quite difficult to find experts with adequate expertise needed for the task.

The TERG should meet at least once in a year and also will use other means of correspondence such as e-mail, telephone and etc. It is expected that the TERG will provide meeting minutes after they meet. The Chair of the TERG will be invited once in a year to attend a board meeting in order to report back the findings of the evaluation. The TERG will take 20% to 50% of the workload of the senior staffs of the secretariat.

It is quite difficult to find an expert on both evaluation and adaptation field. This may lead to hire more experts to fill the gaps of expertises. Furthermore, there will be an additional secretariat cost because of the administrative work of the secretariat. On the other hand this option allows the AFB to economize the operating cost.

**Cost to implement this option**

	FY12	FY13	FY14	Total
<b>TERG Members</b>				
Fee (\$700 per day)	\$56,000 (20 days; 4 members)	\$112,000 (40 days; 4 members)	\$140,000 (40 days; 8 members)	\$392,000
Travel to annual meeting (DC)	\$28,000	\$28,000	\$56,000	\$112,000
Travel to Board meeting (Chair)	\$7,000	\$7,000	\$7,000	\$21,000
<b>AFB Secretariat support (salaries and benefits) (*)</b>				
Support	\$15,300 (20%)	\$22,950 (30%)	\$22,950 (30%)	\$61,200
Professional	\$49,500 (30%)	\$66,000 (40%)	\$82,500 (50%)	\$198,000
Manager	\$10,500 (5%)	\$10,500 (5%)	\$10,500 (5%)	\$31,500
General Costs (office, equipment, etc)	\$20,000	\$25,000	\$30,000	\$75,000
<b>Total</b>	<b>\$186,300</b>	<b>\$271,450</b>	<b>\$342,950</b>	<b>\$890,700</b>

(\*) salaries are based on World Bank market reference for 2010.

### 3.4.2 Option 2 – GEF Evaluation Office to implement the Evaluation Framework

This option should follow the current intuitional arrangement between the AF and the GEF. Accordingly, the AF could request the evaluation office of the GEF to undertake its evaluation task on the interim basis and the AF would cover the full cost of the GEF support. The agreement for this arrangement will be done in between the Board and the executive of GEF.

GEF has an organizational unit that is independent with the task of making an independent evaluation function within the GEF. Pertaining to the task to be undertaken for the AFB, the evaluation office should implement the EF of the AFB by improving accountability and learning in the adaptation Fund through three main functions.

(1) **An Evaluation Function**, which consist of independently evaluating the effectiveness of Adaptation Fund supported projects and programs and implementing entities. (2) **A Normative Function**, in order set minimum evaluation standards within the Adaptation

Fund in order to ensure improved and consistent measurement of results. (3) **An Oversight Function** for provide quality control of the minimum evaluation requirements and their practice in the Adaptation Fund and track implementation of Board decisions related to evaluation recommendations.

Because of the early stage of the implementation under the AF, the evaluation office will allocate one of its senior officers for 20% of its work time with the flexibility of decreasing and increasing as it deemed as necessary. By 100% increase of the assignment, the concerned officer will be assigned as the AF evaluation officer. The evaluation officer is accountable to supervise those who works under its authority and accountable to the AFB and report back to its director.

Considering the pros and cons of the process, the option 2 enables to give flexibility of increasing and decreasing the support as required, without a long administrative implication. Furthermore, the evaluation office of the GEF has gained international recognition because of its independent expertise on evaluation, from which the AFB could be benefited. The AFB will have to cover the following operating cost:

**Cost to implement this option**

	FY12	FY13	FY14	Total
<b>Salary and benefits (*)</b>				
Senior Evaluation Officer	\$42,000 (20%)	\$84,000 (40%)	\$126,000 (60%)	\$252,000
Director	\$11,700 (3%)	\$11,700 (3%)	\$11,700 (3%)	\$58,500
Support	\$7,650 (10%)	\$7,650 (10%)	\$11,475 (15%)	\$26,775
Travel to EFC/Board meetings	\$14,000	\$14,000	\$14,000	\$42,000
General Costs	\$20,000	\$25,000	\$30,000	\$75,000
<b>Total</b>	<b>\$95,350</b>	<b>\$142,350</b>	<b>\$193,175</b>	<b>\$430,875</b>

(\*) salaries are based on World Bank market reference for 2010.

*Both options have their advantage and disadvantage. While the option 2 is cost effective, the option by involving several stakeholders could also generate added value, which so far no funds could demonstrate. Both, the LDCF and the SCCF apply the option 1. The EFC in its consideration should also consider the interim character of the institutional arrangement between the AF and the GEF. Since this arrangement will be reviewed, the Board will be well advised to postpone the decision until its 16th meeting.*

### 3.5 Annex II: Revised evaluation framework.

The requested revisions are contained in paragraphs 12, 13, 14 and 32. Therefore this part will exclusively address the track changed in the above mentioned paragraphs.

#### 3.5.1 Para 12, 13 and 14 of the EF pertaining to the Evaluation of Implementing Entities Level

Basically the paragraph is related to the right of the AFB to evaluate the performance and effectiveness of the implementing entity at any time of the validity of the Adaptation. Upon a notified request with the context of the reason of a board member an evaluation



will be triggered. Accordingly, the EFC will review the note and decide on a plan of action, which could include one or several actions, depending on the issue(s) brought up by the Board member(s).

- a) If the issue(s) is related to performance and effectiveness,
- b) If the issue(s) is related to financial mismanagement and other forms of malpractice at the entity or project level (i.e., corruption, misuse of funds or neglect of duty):

A minimum of *3 months* instead of 6 months will be given to the Implementing entities to prepare them for the evaluation, if there is a need of such an evaluation.

*This amendment is critical since six months is too long for an implementing entity (IE) to prepare itself, because of being subject of an evaluation. Three months (IE) as amended in paragraph 14 is more reasonable, as the provision better commit the IE to always update their implementation actions according to the timeframe settled with the board so that they could be prepared for the case of being subject of the evaluation. In doing so, the board indirectly will send a strong signal to the IE to prevent mismanagement and at the same time enhance the integrity, credibility and transparency of the actions undertaken by IE. It also enables the board to have a mechanism allowing the detection at the right time any malpractices.*

### **3.5.2 Para 32 of the EF is pertaining to the role of Civil society Organisations (CSOs) in the Evaluation process**

The paragraph gives a pivotal role to the CSOs in the evaluation process. It recommends the AF to better engage CSOs in the process by guaranteeing that their view and perspectives are listened to and considered in the evaluation. Furthermore the para clarifies the type of CSO relevant for each kind of projects. The inclusion of CSOs is requested in the final evaluation and is conducive to the integrity of the fund policies and implementation actions of the projects.

The participation of CSOs in the evaluation process is identified as best practice to appreciate the effects (outputs, outcomes, impact) and sustainability of the project. Since the CSOs are not seen as implementing entities by the fund - except some rare cases when they may perform the role of executing entities - it is even more important to involve them in the evaluation. However, the provision needs to be concrete with clear guideline when and how CSO could better be involved in the EF.

### **3.6 Financial Status of the Adaptation Fund Trust Fund (as at 30 June 2011)**

The report illustrates the status of receipts and cash transfer as well as funding availability of the AF Trust Fund by recording the sales of the Certified Emission Reduction CERs and an updated estimate of potential resources available to the fund until end of 2012. According to the updated receipt of June 30 2011, the Trust Fund is about \$US 220.76 million. It is worth noting that no new donations from donors have been registered. The monetization of the CERs generated at this date of \$US 163.12 million.

The cumulative funding decisions by the AF amounts to \$US 73.35 million, which does not reflect the cost of endorsed concept by fund. The fund's available to support AF Board decisions amounts to \$US 157.57 million. An estimate of potential resources available for the Adaptation Fund is ranged from approximately \$US 315 million to \$US 440 million. From June 30, 2011 to December 31, 2012 using the medium case assumptions results in a potential value of approximately \$US 373 million.<sup>22</sup>

<b>1. Programs and Projects</b>	<b>MI/IE</b>	<b>MI</b>	<b>IE</b>	<b>60.63</b>
Ecuador	WFP	7.45	-	
Eritrea	UNDP	6.52	-	
Honduras	UNDP	5.62	-	
Jamaica	PIOJ	-	0.03 a/	
Maldives	UNDP	8.99	-	
Mongolia	UNDP	5.50	-	
Nicaragua	UNDP	5.50	-	
Pakistan	UNDP	3.91	-	
Senegal	CSE	-	8.62	
Solomon Islands	UNDP	5.53	-	
Turkmenistan	UNDP	2.93	-	
Uruguay	ANII	-	0.03 a/	
Sub-Total by IE type		51.95	8.68	
<b>Percent of total Programs and Projects</b>		<b>86%</b>	<b>14%</b>	
<b>2. Operational Expenses</b>				<b>14.72</b>
AF Administrative Trust Fund b/				1.68
Administrative Budget - Trustee				4.54
Administrative Budget - AF Board and Secretariat				8.50
<b>3. Total Funding Decisions (3 = 1 + 2)</b>				<b>75.35</b>

a/ Represents approved Project Formulation Grant amounts.  
b/ Represents reimbursable contributions from UNEP, Australia and the United Kingdom to the Administrative Trust Fund

The table shows the cumulative funding decisions of the board until the last inception to June 30 June 2011. So far the AFB has approved to finance concrete adaptation projects in 12 countries with the total amount of \$US 75,35 million,

<sup>22</sup> AFB/EFC.6/5: Financial Status of the Adaptation Fund Trust Fund (as at 30 June 2011) p.8.  
<http://adaptation-fund.org/sites/default/files/AF%20Financial%20Status%20Report%2006-30-2011%20-%20Final.pdf>

### 3.7 Reconciliation of the Administrative Budgets of the Board and the Secretariat, and the Trustee

**Table2: Approved FY11 budget, actual AFY11 and approved FY12 budget of the Board and the secretariat (Detailed)<sup>1</sup>**

All amounts in US\$		Approved FY11	Actual FY11	Approved FY12
<b>PERSONNEL COMPONENT</b>				
<b>Full-time staff:</b>				
01	Program Manager (GG)	233,668	267,511	209,873
02	Program Manager (GF)	0	182,032	146,151
03	Program Manager (GF)	150,045	113,142	142,146
04	Program Manager (GF)	75,015	-	158,672
05	Program Assistant (GC)	0	-	67,125
06	Short-term Temporary (STT)	24,807	25,105	28,428
07	Junior Professional Associate (JPA)	66,795	48,312	70,248
	<b>sub-total AFB staff</b>	<b>550,330</b>	<b>636,101</b>	<b>822,643</b>
<b>GEF staff cross-support:</b>				
01	Head of the AFB Secretariat (GJ) - 15%			
02	Accounting support (GF) - 14%			
03	AF database - KM strategy (GF) - 10%			
04	AF database (GF) - 3%			
05	Communications and outreach (GG) - 5%			
06	HR support (GD) - 7%			
07	IT support (GF) - 5%			
08	RMB (GF) - 12%			
09	Review of projects (3@GF) - 8%			
10	Review of projects (3@GG) - 8%			
11	Head of Operations and Business Strategy (GH) - 2%			
	<b>sub-total GEF staff</b>	<b>248,477</b>	<b>198,978</b>	<b>277,627</b>
<b>Consultants</b>				
01	AFB Secretariat Support	24,463	18,798	25,197
02	Design and Operation of dedicated Web site	50,000	38,891	51,500
03	Communications Strategy	115,000	115,200	70,000
04	M&E Guideline Development	80,000	62,191	82,400
05	Accreditation Panel (fees & conting.)	216,175	155,060	222,660
06	Performance Study	50,000	-	0
	<b>sub-total Consultants</b>	<b>535,638</b>	<b>390,140</b>	<b>451,757</b>
	<b>SUB-TOTAL PERSONNEL COMPONENT</b>	<b>1,334,445</b>	<b>1,225,219</b>	<b>1,552,027</b>
<b>TRAVEL COMPONENT</b>				
01	AF Secretariat staff	157,500	137,432	200,000
02	Awareness Raising	43,400	43,929	43,400
03	Board - 24 eligible members	576,000	469,310	593,280
04	Committee meetings	135,000	-	0
05	2 Experts to attend 3 committee meetings	45,000	-	45,000
06	Accreditation Panel/Staff (travel)	171,000	90,095	176,130
	<b>SUB-TOTAL TRAVEL COMPONENT</b>	<b>1,127,900</b>	<b>740,766</b>	<b>1,057,810</b>
<b>GENERAL OPERATIONS COMPONENT</b>				
01	Office Space, Equipment and Supplies	93,511	128,018	221,894
02	Support to Chair (communications)	23,175	19,354	23,870
03	Publications and Outreach	50,000	17,758	51,500
	<b>SUB-TOTAL GENERAL OPERATIONS COMPONENT</b>	<b>166,686</b>	<b>165,130</b>	<b>297,264</b>
<b>MEETINGS COMPONENT</b>				
01	Logistics, translation, interpretation, etc.	500,000	390,185	515,000
	<b>GRAND TOTAL ALL COMPONENTS</b>	<b>3,129,031</b>	<b>2,521,301</b>	<b>3,422,101</b>

At the dawn of the review of the institutional arrangements of the AF with the GEF providing the secretariat services and the International Bank for Reconstruction and Development of the World Bank acting as trustee, the table below gives a detailed insight on the budget dedicated for administrative cost.

*The table shows an increase of \$US 900,800. During the reconciliation exercise, it became apparent to the Secretariat that \$113,157 of costs and expenses that should have been allocated to the Adaptation Fund Secretariat budget was instead charged to the GEF Secretariat budget. The Secretariat is taking steps to correct the required accounting entries and the Adaptation Fund underrun will therefore be adjusted accordingly.*

### 3.8 Review of the Operational Policies and Guidelines

The Operational Policies and Guidelines (OPG) is the starting point of the review of the OPG. Para 65 stipulates that “the Board shall keep these operational policies and guidelines under review and will amend them as deemed necessary.” In the discussion it became apparent that both committees have already identified issues that need to be considered when revising the OPG. In order to enable this, an ad-hoc committee was established, composed of two members of both committees (the EFC and the PPRC) as well as the chair and the co-chair of the Accreditation Panel supported by the secretariat

with the mandate to produce proposals for an amendment of the OPG. Since its 13<sup>th</sup> meeting the AFB has been discussing the review of its OPG. Germanwatch has reported in its briefing and report of the 13<sup>th</sup> meeting of the AFB.<sup>23</sup> This part is exclusively dedicated to those major amendments - in italic and bracketed- to be considered during the upcoming meeting, according to the document prepared by the ad-hoc committee.

Para 34:

- (b) Potential implementing entities (NIEs, [*RIE*] SRIE s, or MIEs), will submit their accreditation applications to the Secretariat together with the required supporting documentation to verify how they meet the fiduciary standards [*accreditation requirements*]
- (c) The Secretariat will review *screen* the documentation to ensure that all the necessary information is provided, and will follow-up with the potential implementing entities to ensure that the application package is complete. The Secretariat will forward the complete package to the Panel within 15 (fifteen) working days following receipt of a candidate implementing entity's submission;

There are two tracks changed in this paragraph. In (b) the new language is related to the [*accreditation requirements*] in addition to the fiduciary standards. And in C the word review will be replaced by the word screen. There is indeed a difference between *review*, which is the process of going over a subject again and *screen*, which is a systematically examination of a subject. Since the Secretariat will consider the proposal for the first time, it is more appropriate to use *screen*.

Another noteworthy amendment is related to Para 48 pertaining to the Project Formulation Grant. The paragraph 48 stipulates

“The project/programme proponent shall return any unused funds to the Trust Fund through the trustee, [*c*] [if the fully developed project/programme document is rejected]”

The amendment in italic and bracketed clarifies case in which the Fund should be refunded. Accordingly, the proponent should return any unused funds when the fully developed project has been rejected or approved, whose concept not have been endorsed and therefore received a PFC.

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<sup>23</sup> The whole process around the review of the OPG of the AFB has been detailed described and commented by Germanwatch. See under [www.germanwatch.org/klima/af](http://www.germanwatch.org/klima/af)

## 4 Report on the Project/Programme Implementation CSE

In the agreement signed between the AFB and the Centre de Suivie Ecologique (CSE) acting as National Implementing Entity (NIE) of the project “Adaptation to coastal erosion in vulnerable areas” (Senegal), required a semi annual progress report on the state of implementation and disbursement made. Upon this request the CSE has submitted a report of its activities from February to July 2011. The project aims at contributing to the implementation of Senegal’s NAPA. As reminder the project identifies six components to achieve its goal

- **Component 1** to be carried into execution in **Rufisque** with the total cost of USD 2,380,000 and **Component 2 in Saly** is amounted to \$US of 2,380, 00. Both amounts include travels and workshops cost. The overall goal of both component is to set up of protection facilities for people, houses, economic and cultural infrastructures in the region against coastal erosion. In handling so, particularly in Rufisque the implementation should be based on a study of the technical achievability pertaining to the building of the coastal protection facilities and relevant infrastructure as well as the cleaning up of canals and connection with the sea. While in Saly the sub-component includes the development of the infrastructure to protect the municipality and support for the fitting out of the fishing dock and the fish processing area. **Component 3** dedicated to Joal with an amount of USD 1,500,000 including travel and workshops. The activities in Joal aim at protecting the city against salination in the rice-growing areas by building coastal infrastructure for processing activities, the conduction of Environmental Impact Assessment studies, and the monitoring of the implemented Environmental and Social Management plan. Its sub-components include an anti-salt barrier, strengthening of protection and development of the beach and fish smoke kilns, as well as the strengthening of environmental assessment awareness and training. **Component 4** is related to regulations that cover all the project areas with the total cost of \$US 200, 000. These regulations should be undertaken through a revision of the environmental code and law regarding the littoral with the goal of enhancing the implementation of the regulations. Component 5 amounts to \$US 500, 000 is the capacity building part of the project, with the goal of informing, sensitizing, training and communicating of locals people regarding adaptation techniques in the littoral. While Component 6 amounts to \$US 300, 000, should help to evaluate, monitor and inform so that the expected actions could be followed up.

The total budget amounts of USD 8,294,000 plus USD 419,000 for implementing entity’s fees (5.1%). The CSE has received from the trustee in November, 2010 USD 2,924,000 including a first tranche of USD 2,799,000 for programme implementation and USD 125,000 for implementing entity’s fees.

After having reviewed the report, the secretariat noted that activities in all the three sites regarding to the community engagement have been achieved, although the work plan did not indicate the order of the actions undertaken. The appointment of the sub-contractor is important because that was one of the main reasons of the delay in the project implementation. Although the CSE acting as NIE has already disbursed 27% of the transferred money by the trustee, this amount is quite low and not related to the

construction part, which is the main activity. The CSE assumes that it will soon disburse 45% of the total amount.

In its report, the secretariat detected some risk factors, which are worth to be taken into account by the Board, such as<sup>24</sup>:

- Low disbursement rate leading to possible delays in project implementation;
- Possible disruption in the coordination of building the coastal protection facilities in the area of Rufisque, with possible delays that could be attributed to other donors involved in that activity;
- While sub-contractors appear to have been selected, there are still risks related to construction delays which could cause project implementation delays;
- High level of expenditure for the M&E budget (close to 50% has been disbursed) . Secretariat's response to CSE: Much of the on the ground monitoring will need to occur consistently over the course of the entire life of the project.

Based on the above mentioned facts, the secretariat requested the CSE additional information pertaining to certain issues. Accordingly the CSE was requested to revise its **financial statements** through adding an additional column on which executing entities undertook particular activities. In addition the CSE should provide a **disbursement schedule for second semester**, which contains the milestone and specific dollar amount needed for each activity/output. Regarding the **stakeholder consultations**, CSE is requested to provide the list of stakeholders consulted. In addition information on **risk management** and activities carried out to avoid it particularly in the areas of Rufisque. Also regarding the **procurement details** specific information on the number bids, awards application received before selecting the contractors. It was also pointed out in the request of the secretariat to the CSE that at almost 50% of the total monitoring and evaluation has been consumed. Since the evaluation should go through the implementation of the project and after its completion, the secretariat wonders why a high portion of the money has been disbursed.

Upon request of the secretariat the CSE provided further information to respond the secretariat. Some parts of the documents provided by the CSE were in French. It is worth noting the explanation of the CSE pertaining to the level of disbursement for M&E. It was mentioned that only 44% of the total amount has been spent as part of expenses done during the project execution. The remaining resources will be used more specifically for M&E.

After reviewing the documents provided, the secretariat considered them as adequate for the first bullets. However, it made clear that a risk management framework should highlight reference to the measures taken to prevent the risks identified. Furthermore the secretariat requested detailed information on the purpose of the operational expenses to justify these early expenses before implementation itself has started. It also underscored that so far no specific format of reporting has been developed by the AFB. Therefore, it intends to present a proposal of reporting format for future reports at the 16<sup>th</sup> meeting of the Board, which should clarify the responsibilities of the Implementing Entities.

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<sup>24</sup> See document: Reports on Project/Programme Implementation: CSE AFB/EFC.6/6 p.3 [http://adaptation-fund.org/sites/default/files/AFB.EFC\\_.6.6%20Reports%20on%20project%20implementation%20CSE.pdf](http://adaptation-fund.org/sites/default/files/AFB.EFC_.6.6%20Reports%20on%20project%20implementation%20CSE.pdf)

Having considered all the documents provided by CSE the secretariat suggested to the EFC to recommend the Board to:

- (a) Take note of the semi-annual report submitted by CSE and the additional information provided to address the secretariat's observations;
- (b) Instruct the secretariat to communicate to CSE the observations regarding to the risk management and the need to set up a risk management framework; in particular, to request that CSE provides more detailed information on the purpose of the contracts and the operational expenses registered under 6.1. of the financial statements at the earliest opportunity;
- (c) Upon provision of the information requested, consider approving the disbursement of the second tranche of funds to CSE, including during the intercessional period.

*It is the first report of the first accredited Implementing entities. The report shows some delays in the implementation of the projects according to the time schedule as agreed on. This delay spawns some risks with, which need to be mitigated in frame of the risk management system. However, part of the reason for the delay also seems to be the strict compliance with procurement procedures, which has to be seen positively. In addition, the money disbursed for the monitoring and evaluations are high compared to the activities so far achieved. The report also pointed out the need that the AF should provide a specific format of reporting that should guide implementing entities in their report. Direct access is an opportunity bound with the high level of responsibility. Developing countries are well advised to take advantage of this chance by providing good output from the projects they implement. The positive impacts of the projects funded by the AFB on the vulnerable people and the successful implementation will truly determine the value of the Fund. So the CSE should be aware of this situation and therefore make sure that the money disbursed benefits the poor living in Joal, Rufisque and Saly.*

## 5 Report on activities undertaken by the Secretariat

Between the 14<sup>th</sup> and 15<sup>th</sup> meeting of the secretariat of the AFB has undertaken several activities. It has finalised the report of the meeting, which summarised the discussion and decisions taken during the 14<sup>th</sup> meeting. The secretariat also circulated an invitation letter, which will facilitate the visa arrangements for the Board member with the assistance of the government of Germany. It also prepared the report on initial screening for the PPRC of the project so far submitted.

Upon the request of the Board it has revised following documents, the knowledge management strategy of the Board, the Evaluation Framework, the consideration of the country cap in the context of regional projects and finalised the document related to the review of the Operational Policies and Guidelines. In addition and in close consultation with the Board and its chairs prepared decision texts, which were adopted intersessionally such as Approval of the templates of the OPG, documents related to the facilitation of private donations, replacement of Boards members related to the accreditation of the South African National Biodiversity Institute as a fifth NIE.

Furthermore the secretariat prepared the legal arrangement between the Board and the Planning Institute of Jamaica relating to the project formulation grant. Regarding the work programme on accreditation of NIEs, the secretariat assisted the UNFCCC secretary to organise the workshop on Accreditation of NIE that took place in M' Bour on September 5-6<sup>th</sup> in M' Bour Senegal. The secretariat also continued to implement the communication strategy and has therefore undertaken a series of interview of the former AFB chair. It also highlighted inputs from one of the NGO Germanwatch pertaining to the improvement of its website.

Lastly the secretariat supported the Accreditation Panel through screening of the accreditation applications.

	NIE	RIE	RIE
Accredited	5	1	8
Non accredited	3	0	0
Under review by the Accreditation Panel	7	1	3
Screened by secretariat pending	7	0	0
Pending screening by the Adaptation Fund	0	0	0
Total submitted: 35	22	2	11

Status of accreditation applications submitted to the secretariat since inception of the accreditation process (January, 2010)

Africa	11
Latin America and Caribbean	6
Asia and Pacific	5

Nie Accreditation applications submitted per region. Both tables are from Report on the Activities of the Secretariat pp. 5-6<sup>25</sup>

<sup>25</sup> See this link <http://adaptation-fund.org/sites/default/files/AFB.B.15.3%20Report%20on%20Activities%20of%20the%20Secretariat.pdf>



## **5.1 Draft Report of the AFB to the CMP at its seventh session**

As usual; the AFB provides to each CMP meeting, information on progress it has achieved with respect to its mandate as settled by the CMP to recommend or request guidance on specific actions to be undertaken by the CMP, as appropriate. Since the last meeting of the CMP the AFB has held four meetings. The reports of the meetings have been made available.

Pertaining to the budget of the AFB secretariat and trustee, the AFB adopted during its 14<sup>th</sup> meeting the estimated administrative budget requirement approved for the fiscal year 2012 is USD 4,510,101 as at 30 June 2011. With respect to accreditation of Implementing Entities, the Panel of the AFB in charge of the accreditation met four times and recommended to the Board to accredit [two] NIEs from Benin and South Africa, [one]<sup>26</sup> regional implementing entity (RIE), the West-African Development Bank; and [two] multilateral implementing entities (MIE): the World Meteorological Organization and the Inter-American Development Bank. Accordingly, so far the Board follow the recommendations of the Panel and has up to date a total number of accredited implementing entities amount to [five] NIE, [one] RIE and [eight] MIE. In addition the Board took several decisions to promote the accreditation of NIE through setting of a cap that the cumulative budget allocation for funding projects submitted by MIEs, should not exceed 50 per cent of the total funds available for funding decisions in the Adaptation Fund Trust Fund at the start of each session. It also launched a tool kit to assist developing country in their endeavour towards a successful accreditation. Furthermore the AFB secretariat also assisted the secretary of the UNFCCC to organize workshops, which aims at familiarising developing countries with the accreditation process. The first workshop took place in Senegal in September 2011.

Both committees of the AFB the Ethic and Finance as well as the Project and Programme Review also continued their work to assist the AFB in the fulfilment of its mandate.

The EFC, after consideration recommended the AFB to adopt following documents: knowledge management framework; evaluation framework, guidelines for project/programme final evaluations, standard legal agreement between the Board and the implementing entities for the implementation of projects and programmes funded by the Adaptation Fund, execution costs, cap per country, private donations, budget of the Adaptation Fund Board, secretariat and trustee.

The PPRC revised the date of the issuance of this report, [6] project concepts and [7] fully-developed proposals, representing 24 individual proposed projects. The PPRC also took an important step towards a transparent working mode by publishing a compilation of its deliberation in its closed meeting. During the report period of the Board has approved [8] projects and endorsed [10] concepts. All the approved projects have been submitted by following countries Ecuador, Eritrea, Maldives, Mongolia, Nicaragua, Pakistan, Solomon Islands and Turkmenistan through MIEs.

Noteworthy is that the conferring of legal capacity process of the AFB was concluded. Since that date, the Board Chair has signed legal agreements with [seven] implementing entities for the implementation of projects.

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<sup>26</sup> The number in Bracket are not fixed, since it may be possible that the Board accredit additional Implementing Entities

It is expected that the review of the Operational Policies and Guidelines as well as the monitoring and Evaluation Framework will be finalised at the upcoming meeting.

*The Board can present its report to the CMP with the certainty of having done a very good job. It could therefore legitimately demand more resources, since this year no contributions have been made for one of the most innovative funds of the global climate change finance architecture.*

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