

BRIEFING PAPER

# Report on the 23<sup>rd</sup> meeting of the Adaption Fund Board

Alpha Kaloga, Barbara Burkel & Lisa Junghans

## 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 summarizes the key decisions taken during the 23<sup>rd</sup> meeting (March 20-21, 2014) of the Adaptation Fund Board (AFB).

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)). More detailed information about the Adaptation Fund is available on this website as well. The background information and preparatory documents of the 23<sup>rd</sup> meeting are available at [www.adaptation-fund.org/afb-meeting/3612](http://www.adaptation-fund.org/afb-meeting/3612).

## Imprint

### Author:

Alpha Kaloga, Barbara Burkel, Lisa Junghans

### Layout:

Daniela Baum

### Publisher:

Germanwatch e.V.

Office Bonn

Dr. Werner-Schuster-Haus

Kaiserstr. 201

D-53113 Bonn

Phone +49 (0)228 / 60 492-0, Fax -19

Office Berlin

Stresemannstr. 72

D-10963 Berlin

Phone +49 (0)30 / 28 88 356-0, Fax -1

Internet: [www.germanwatch.org](http://www.germanwatch.org)

E-mail: [info@germanwatch.org](mailto:info@germanwatch.org)

3/2014

Purchase order number: 14-2-10e

This publication can be downloaded at:

**[www.af-network.org/5145](http://www.af-network.org/5145)**

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.



**Federal Ministry  
for the Environment, Nature Conservation,  
Building and Nuclear Safety**

# Inhalt

<b>1</b>	<b>Executive Summary .....</b>	<b>4</b>
<b>2</b>	<b>Report of the 15<sup>th</sup> meeting of the Accreditation Panel (AP) .....</b>	<b>4</b>
	2.1 Accreditation of Implementing Entities.....	4
<b>3</b>	<b>REPORT OF THE 14<sup>th</sup> MEETING OF THE PROJECT AND PROGRAMME .....</b>	<b>5</b>
	<b>REVIEW COMMITTEE (PPRC) .....</b>	<b>5</b>
	3.1 Review of project proposals .....	5
	3.2 Intersessional Project and Programme Review Cycle .....	5
<b>4</b>	<b>REPORT FROM THE 14<sup>th</sup> MEETING OF THE ETHICS AND FINANCE COMMITTEE (EFC).....</b>	<b>6</b>
	4.1 Small implementing entities .....	6
	4.2. Evaluation of the Fund.....	6
	4.3 Financial Issues .....	7
	4.3.1 Financial Status of the Adaption Fund Trust Fund .....	7
	4.3.2 Status of the MIE Project/Programme pipeline.....	7
	4.3.3 Reestablishment of the Fundraising Task Force .....	8
	4.4 Communication Strategy of the AFB.....	8
	4.5 Transparency of Committee Meetings.....	8
	4.6 Date and Venue of the next Meeting .....	8

# 1 Executive Summary

From March 20–21 2014, the 23<sup>rd</sup> meeting of the Adaptation Fund Board (AFB), the operating body of the Adaptation Fund established under the Kyoto Protocol, was held in Bonn, Germany. Two days prior to the meeting, the members of the two committees of the board, the Ethics and Finance Committee (EFC) and the Project and Programme Review Committee (PPRC) met for their 14<sup>th</sup> meeting respectively, to prepare specific recommendations for the AFB, along the mandate that has been assigned to them.

## 2 Report of the 15<sup>th</sup> meeting of the Accreditation Panel (AP)

The Adaptation Fund (AF) provides two ways of access to its resources: developing countries can either pursue the conventional path of relying on the service of a Multilateral Implementing Entity (MIE) or utilize their own national institutions to access the fund's resources. Prior to receiving funds from the AF, implementing entities (multilateral, regional or national) must conclude a systematic accreditation process to verify that they meet the principles of the AF such as "the use of international fiduciary standards as well as the new adopted AF's environmental and social policy".

The Panel undertakes a desk-review of the application and forwards its recommendation to the board. Should the Panel require additional information prior to making its recommendation, a mission and/or a teleconference may be undertaken with regard to the country concerned. Below are the AFB decisions on accreditation of implementing entities based on the recommendation of the Panel.

### 2.1 Accreditation of Implementing Entities

After due appraisal of the accreditation applications, the AP recommended to the board to accredit the Peruvian Trust Fund for National Parks and Protected Areas (PROFONANPE), as a National Implementing Entity (NIE). This new accreditation increases the number of national institutions to 16 NIEs. The PROFONANPE is a trust fund set up to contribute to the conservation of biodiversity through the involvement of civil society in the management of Protected Natural Areas, and contributing to the financial sustainability of the National System of Protected Natural Areas (SINANPE)<sup>1</sup>. The AFB also decided to accredit the Corporación Andina de Fomento (CAF), as a Regional Implementing Entity (RIE), heightening the number RIEs to 4. The CAF is a Central and South American entity established as a multilateral financial institution whose mission is to promote the sustainable development of its shareholder countries and regional integration<sup>2</sup>.

Last but not the least, the AFB, based on the recommendation by the AP accredited the European Bank for Reconstruction and Development (EBRD), as a Multilateral Implementing Entity (MIE). This accreditation augments the number of accredited MIEs to 11.

---

<sup>1</sup> <http://theredddesk.org/countries/actors/peruvian-trust-fund-national-parks-and-protected-areas-peru>

<sup>2</sup> [http://www.bnamericas.com/company-profile/en/Corporacion\\_Andina\\_de\\_Fomento-CAF](http://www.bnamericas.com/company-profile/en/Corporacion_Andina_de_Fomento-CAF)

## **3 REPORT OF THE 14<sup>th</sup> MEETING OF THE PROJECT AND PROGRAMME REVIEW COMMITTEE (PPRC)**

The Project and Programme Review Committee (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>3</sup>

Accordingly, at its 23<sup>rd</sup> meeting, the AFB debated on the recommendations suggested by the PPRC on approval of the submitted project proposals, which are based on the technical review made by the secretariat.

### **3.1 Review of project proposals**

Before the AFB engaged in discussions on the approval of submitted project and programme proposals, the secretariat presented its report on the initial screening and technical review of the respective submissions.

For the 23<sup>rd</sup> AFB meeting, nine proposals have been submitted to the secretariat by accredited implementing entities, with the total requested funding amounting to US\$ 42,450,265: five project concepts (US\$ 25,367,482) and four fully-developed project proposals (US\$ 17,082,783).

Three project concepts submitted by the Indian NIE, the National Bank for Agriculture and Rural Development (NABARD), were endorsed by the board. Subsequently the AFB encouraged the NABARD to elaborate fully-developed proposals and submit them to the board for approval. Further, the board endorsed the concept submitted by the Agence pour le Développement Agricole (ADA), acting as the NIE for Morocco.

As for fully-developed project proposals, the board approved the proposal from Indonesia, submitted by the World Food Programme (WFP). This project was the only MIE project for consideration at this meeting and will be queued in the pipeline for approved MIE projects awaiting additional funding resources.

### **3.2 Intersessional Project and Programme Review Cycle**

Following the report by the PPRC, the board considered the options for intersessional review and approval of projects submitted to the AF secretariat. Due to the decision at AFB22 to reduce the number of its annual meetings from three to two, it has become critical for the AFB to explore modalities for the intersessional review of projects. In the discussion on this matter, board members agreed with taking intersessional decisions, however there were divergent views on how to frame the process, i.e. to preserve quality assurance in terms of the review of project proposals in a meaningful and transparent manner.

---

<sup>3</sup> See document AFB/B.6/6 on the Adaptation Fund Board committee

After a brief discussion, the board adopted the arrangement for an intersessional project and programme review cycle, which will last 24 weeks or more between two consecutive meetings. This arrangement stipulates, inter alia, that all first submissions of a project proposal, regardless whether fully-developed or concepts, need to be first considered during an official board meeting, in order to allow intersessional decision thereupon. Also, in cases where issues related to a project require the involvement or decision by the EFC, members of the PPRC are requested to refrain from any funding decision until the EFC has considered the issue at an official EFC meeting.

## **4 REPORT FROM THE 14<sup>th</sup> MEETING OF THE ETHICS AND FINANCE COMMITTEE (EFC)**

According to its terms of reference, the Ethics and Finance Committee (EFC) is responsible for providing advice to the board on issues of conflict of interest, ethics, finance and audit.

The EFC met for the 14<sup>th</sup> time one day before the 23<sup>rd</sup> meeting of the AFB to discuss several topics as follows.

### **4.1 Small implementing entities**

The EFC discussed the possibility of amending the accreditation process for small implementing entities. After discussion in the board, it was decided to allow a streamlined accreditation process for small entities. However, this accreditation process will apply the same fiduciary, social and environmental standards of the AF as for the other implementing entities.

### **4.2. Evaluation of the Fund**

One critical item also considered by the EFC was related to the options for an evaluation of the fund. In discussing this matter, the EFC recognised that a thorough evaluation would require sufficient information about the institution to be available. Given the young portfolio of the AF, it was argued to be difficult to comprehensively review the fund at this stage of time. The EFC therefore recommended the board to use a two-phased evaluation approach: In the first phase, a review should be conducted as soon as the terms of reference for the evaluation are adopted and after an assessment whether the operational design and logic corresponds with actual operations and identifies results of implementation. A second phase of the evaluation should be undertaken when information is available, particularly on AF projects, and should address the long-term impact of the fund, as well as the performance and sustainability of its resources. After due consideration, it was decided that an Independent Review Panel will be set up – consisting of an evaluation and adaptation specialist, as well as a representative of civil society.

## 4.3 Financial Issues

### 4.3.1 Financial Status of the Adaption Fund Trust Fund

As usual, the trustee of the AF presented an updated report on the financial status of the Adaption Fund Trust Fund to the AFB<sup>4</sup>. Accordingly, the cumulative donations to the AF amounted to around US\$ 205 million as of December 2013, surpassing the generated revenues through CER sales (around US\$ 190 million) for the first time. Considering cumulative funding decisions for MIE and NIE projects and programmes leaves the total funds available to support further funding decisions at around US\$ 170 million.

### 4.3.2 Status of the MIE Project/Programme pipeline

Before closing the agenda item on the financial issues the board discussed also the status of the project pipeline. After the last AFB meeting in October, the pipeline consisted of eight approved MIE proposals awaiting additional funding resources in order to be implemented. In the intersessional period, the AF was able to fund four additional projects, as result of the new donations by developed countries pledged at COP19 in Warsaw. The board was therefore able to approve four projects intersessionally, all to be implemented by United Nations Development Programme (UNDP). These projects, in Cuba, Myanmar, Seychelles and Uzbekistan, have a combined total amount of US\$ 25,847,199. After these approvals, the remaining four projects/programmes in the pipeline had a total funding request of US\$ 32,354,480<sup>5</sup>.

**Table 1: Revised status of pipeline as of 28<sup>th</sup> February 2014**

Pipeline of MIE projects as of 28 February 2014						
Order of priority	Country (MIE)	Recommendation date	Submission date	Net budget, US\$ M	Funding requested, US\$ M	Cumulative, US\$ M
1	Belize (WB)	4/4/2013	1/28/2013	5.53	6.00	6.00
2	Ghana (UNDP)	4/4/2013	1/28/2013	7.64	8.29	14.29
3	Mali (UNDP)	7/4/2013	4/24/2013	7.86	8.53	22.82
4	Nepal (WFP)	10/31/2013	8/26/2013	8.78	9.53	32.35

Building on the presentation on the status of the pipeline, the board engaged in a prolonged discussion on options for funding the MIE pipeline. The discussion evolved around the question of whether to permanently lift the MIE cap, allowing a temporary lifting (i.e. clearing the current pipeline) or maintaining the current cap (as of now with a cap of 50% of total resources of the AF can be channelled through MIEs).

The debate on the issues proved difficult, as its complex nature has implications for the strategic positioning of the fund as well as the messaging in frame of the fundraising target. Many board members stressed the need to be mindful of keeping the balance between meeting the adaptation needs of vulnerable countries on the one hand, and the promotion of direct access on the other. As a result, there was unambiguous consensus among the board to maintain the current cap in principle, while there was no agreement on how to deal with the current pipeline. The issue is becoming particularly critical as some of the projects in the pipeline have been waiting over a year

<sup>4</sup> Adaptation Fund Trust Fund: Financial Report Prepared by the Trustee (As at 31 December 2013):

<https://adaptation-fund.org/content/adaptation-fund-trust-fund-financial-report-prepared-trustee-31-december-2013>

<sup>5</sup> Joint Report by the Secretariat and the Trustee on the Status of the Pipeline (2014): [https://adaptation-fund.org/sites/default/files/AFB.EFC\\_14.Inf\\_1\\_1\\_Joint%20report%20by%20the%20secretariat%20and%20the%20trustee%20on%20the%20status%20of%20the%20pipeline.pdf](https://adaptation-fund.org/sites/default/files/AFB.EFC_14.Inf_1_1_Joint%20report%20by%20the%20secretariat%20and%20the%20trustee%20on%20the%20status%20of%20the%20pipeline.pdf); p.3

to be funded. After an intense debate, the board decided to postpone the decision until the next AFB meeting.

The fundraising target for 2014 and 2015 was raised to US\$ 80 million each year. Against expectation, this new number was not proposed based on the discussion on option of funding pipeline, but rather based on the discussion with the Trustee on the projection of resources available for funding decisions.

### **4.3.3 Reestablishment of the Fundraising Task Force**

During the discussion on the AF's fundraising strategy, board members reemphasized the dependency of the fund on voluntary contributions and called for the reestablishment of the fundraising task force along with a newly formulated fundraising target. Some members stressed the need to formalize the task force in contrast to the rather ad hoc procedure adopted during the first round of the fund's fundraising campaign, with eight board members volunteering to contribute.

Consequently, there was consensus among board members that the task force should be officially budgeted and mandated to exercise its work for the duration of one year. Board members highlighted the importance of not only developing a strategy, but also finding means to implement it.

Therefore, the secretariat was asked to prepare an implementation plan, including specific activities and events for the coming two years, also integrating a communication strategy to approach potential donors and benefactors.

This second fund raising goal will be however tricky to implement during this ongoing year, as this year will be dominated by the initial capitalisation of the GCF.

## **4.4 Communication Strategy of the AFB**

Furthermore, the board debated over its communication strategy. The representative of the secretariat presented a range of communication materials, which not only aim at enhancing the visibility of the fund, but also at supporting the fundraising campaign of the AF by displaying the various results achieved by the fund's activities. The secretariat is working on additional documents that will be made available for board members and interested stakeholders.

## **4.5 Transparency of Committee Meetings**

The board also briefly discussed the option of opening meetings of the Project and Programme Review Committee (PPRC) and the Ethics and Finance Committee (EFC) of the AF to interested observers. Although board members emphasized the need for transparency, it was seen as important for the work of the AFB to have space where deliberations could be exchanged in closed session. One board member alluded to the possibility for interested stakeholders to comment on project proposals that could then be considered at the respective PPRC meetings. One board member proposed the option of discussing some PPRC and EFC agenda items openly, where confidentiality was not an issue.

## **4.6 Date and Venue of the next Meeting**

To conclude the meeting, the board decided to convene for its 24<sup>th</sup> session from 7–10 October 2014 in Bonn.

**... did you find this publication interesting and helpful?**

You can support the work of Germanwatch with a donation to:

Bank fuer Sozialwirtschaft AG

BIC/Swift: BFSWDE33BER

IBAN: DE33 1002 0500 0003 212300

Thank you for your support!

# Germanwatch

Following the motto “Observing, Analysing, Acting”, Germanwatch has been actively promoting global equity and the preservation of livelihoods since 1991. In doing so, we focus on the politics and economics of the North and their worldwide consequences. The situation of marginalised people in the South is the starting point of our work. Together with our members and supporters as well as with other actors in civil society, we intend to represent a strong lobby for sustainable development. We attempt to approach our goals by advocating for the prevention of dangerous climate change, for food security, and compliance of companies with human rights.

Germanwatch is funded by membership fees, donations, grants from the “Stiftung Zukunftsfähigkeit” (Foundation for Sustainability) as well as grants from various other public and private donors.

You can also help achieve the goals of Germanwatch by becoming a member or by donating to:

Bank für Sozialwirtschaft AG,  
IBAN: DE33 1002 0500 0003 2123 00,  
BIC/Swift: BFSWDE33BER

For further information, please contact one of our offices

## Germanwatch – Bonn Office

Kaiserstrasse 201  
D-53113 Bonn, Germany  
Phone: +49 (0)228 / 60492-0  
Fax: +49 (0)228 / 60492-19

## Germanwatch – Berlin Office

Stresemannstr. 72  
D-10963 Berlin, Germany  
Phone: +49 (0)30 / 2888 356-0  
Fax: +49 (0)30 / 2888 356 -1

E-mail: [info@germanwatch.org](mailto:info@germanwatch.org)

or visit our website:

[www.germanwatch.org](http://www.germanwatch.org)



**Observing. Analysing. Acting.**  
For Global Equity and the Preservation of Livelihoods.