

BRIEFING PAPER

# Briefing on the 27<sup>th</sup> meeting of the Adaption Fund Board

Alpha Kaloga

## Summary

After the adoption of the Paris Agreement all eyes move towards implementing climate action. The Adaptation Fund provides an important function to assist developing countries in measures against climate impacts. Following a civil society perspective this briefing outlines selected talking points on agenda issues of the 27<sup>th</sup> meeting of the Adaptation Fund Board scheduled for March 2016 in Bonn, Germany.

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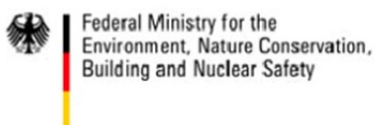
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# 1 General background to the Adaptation Fund under the Kyoto Protocol

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, which should support the adaptation of developing countries to negative impacts of climate change. The Adaptation Fund is the first fund, which piloted and operationalized direct access to climate finance under the Convention. Germanwatch has been following all the meetings from a civil society perspective. One can find elaborated information on the Adaptation Fund and the past meetings on the web-page [www.af-network.org](http://www.af-network.org).

Germanwatch has also established an 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)). If you would like to be part of AF NGO Network; please fill the Membership form. Last but not least you can have a simple overview on the projects submitted to the AF through the Germanwatch Project Tracker at: [af-network.org/4889](http://af-network.org/4889).

## 2 Report of the twenty-first meeting of the Accreditation Panel

The Accreditation Panel (AP) of the AFB is in charge of reviewing accreditation applications for National Implementing Entities (NIEs), the key feature in the AF's direct access approach, as well as for Multilateral Implementing Entities (MIEs) and Regional Implementing Entities (RIEs).

On the 26–27 January 2016, the AP met for the twenty-first times to discuss the status of accreditation process under the AF. As usual, the panel held teleconferences with applicants, communicated application status, asked questions, and provided direct guidance on any additional documentation required.

### 2.1 Accreditation of Implementing Entities

Three new completed applications were received. Further on, the Panel reviewed three re-accreditation applications and reviewed applications of eleven potential NIEs and two potential RIEs. The Panel recommended accreditation for the Ethiopia's Ministry of Finance and Economic Development as NIE and the Caribbean Development Bank as RIE. Nine applications (8 for NIE and 1 for RIE) are currently under review by the Panel. In addition to that the Panel concluded the review of two applications and recommends their accreditation.

### **2.1.1 Partnership for Governance Reform in Indonesia (Kemitraan)**

The Panel completed its assessment of the application in February 2016, followed by a field visit that clarified remaining issues around fiduciary standards. During the review process, the Panel and the applicant maintained active communications through which information gaps relating to certain capabilities of the fiduciary standards were closed. Due to Kemitraan well defined policies and procedures that meet the AF's fiduciary standards and environmental social safeguard, the Panel recommends that Kemitraan should be accredited as an NIE.

### **2.1.2 Dominica Institute for Integral Development (IDDI)**

A request for additional information was issued in August 2014 and followed-up by periodic discussions on Skype that enabled the Panel to understand the full potential and capability of the applicant and provided the applicant an opportunity to document its procedures. In November 2015 the Panel conducted a field visit to IDDI so that it could fully appreciate the capabilities of IDDI including the application of new and updated manuals. As part of this dialogue another seventy documents were examined by the Panel.

The Panel concludes that IDDI meets the requirements of the fiduciary standards and those of the environmental and social policy. The Panel has based this conclusion on the extensive dialogue, the field visit and the examination of documents.

## **2.2 Analysis for the possible modification of the country cap**

The AF Board approved at its 7th meeting 2009, that a “cap in resource allocation per eligible host country, project and programme will be agreed by the Board based on a periodic assessment of the overall status of resources in the Adaptation Fund Trust Fund and with a view to ensuring equitable distribution”. In its 13<sup>th</sup> meeting the Board decided “as temporary measure” to approve a cap of USD 10 million for each country funded by the AF and requested the Secretariat to present a proposal to the Ethics and Finance Committee on how regional projects or programmes would be considered within the cap of USD 10 million per country funded for support. On its 24<sup>th</sup> meeting, the Board decided to initiate steps to launch a pilot programme on regional projects and programmes, “which will be outside of the consideration of the 50 per cent cap on MIEs and the country cap” (Decision B.24/30).

Until the 26<sup>th</sup> meeting the Board did not revisit the country cap decision. By the 26<sup>th</sup> meeting ten countries have reached the country cap limit and six countries approached it. 16 countries were precluded from asking for additional support. Due to the limit NIEs were not able to fund further projects in their countries – although they went through the burden of the accreditation process. To encourage countries to accredit NIEs the Chair of Board suggested a raise of the country cap to USD 20 million. If so, the Board should consider the necessity of a per-project cap. According to the current USD 10 million cap, 17 countries had accessed over USD 8 million from the Fund so that they had less than USD 2 million left, 11 countries had less than USD 1 million left, and nine of those 11 countries were ones with an accredited NIE. During the 26<sup>th</sup> meeting there have been two main questions: whether and how much to increase the cap and if the cap is increased, does it apply to all countries or only those that have accessed amounts close to the current cap, and

whether other conditionalities should be put in place. An additional question could deal with whether different caps should be set based on certain characteristics of different countries.

The background document proposes four possible options of increasing the cap, which were considered: caps of USD 10 million, USD 15 million, USD 20 million or USD 30 million. The last option would not foster equitable distribution of resources, as with the current levels of revenue most available funds each year could be allocated to one or two countries only. A cap of USD 15 million would allow supporting a larger number of countries, but not enable the majority of current NIE countries with larger projects, to maintain that level for funding request nor to significantly scale up existing projects but would only allow them to submit proposals for smaller projects. The option of USD 20 million maintains the past level of funding requests in proposals from countries that have accessed up to USD 10 million already. However, if the outcome of the Board's resource mobilization efforts would not increase in the coming years, the number of countries that could be funded might be lower.

For the application of the country cap, the Board may wish to consider whether projects larger than USD 10 million are welcomed. The higher budget might enable implementing larger and more complex projects, but it could also lead to faster resource depletion.

It would be possible to apply a revised country cap in two ways: either so that a country has to be "already near" the current cap to qualify for an increased cap – which requires further definition of already near – or that all eligible countries would immediately be subject to the revised cap.

The Board needs to decide about the revised cap per country, review the experience gained with the cap and inform the designated authorities and accredited implementing entities about their decision.

*This is a strategic discussion. It points out the growing evidence that developing countries are interested in adaptation finance, particularly from the AF. Presumably, this is due to the fact that recipient countries perceive the AF as more easily accessible than other funds.*

*The Board should strike to the balance between ensuring equitable access to all countries to its resources and at the same time enable those vulnerable countries that are facing many challenges to access to climate finance.*

*The AF should adopt a two ways approach in modifying its cap. Accordingly, countries could access up to USD 15 m, only once the country has accessed US\$ 8 million or more from the Adaptation Fund within the USD 10m cap. This means that any country that has submitted a proposal between USD 10 to 20m, should successfully implement the first project to be eligible for the new cap. The new cap should be a performance incentive payment that encourages the forerunner to first successfully implement their project, with a prospect of getting more funding, once the first project is successfully completed.*

## **3 Report of the fourteenth meeting of the Ethic and Finance Committee**

### **3.1 Options for the second phase of the Evaluation of the Fund**

The Board decided that an overall evaluation of the Adaptation Fund should be conducted in two phases with overview by the Independent Review Panel (IRP). The two-phase evaluation was adopted at the 23<sup>th</sup> meeting. Phase 1 was conducted by an external consortium and completed in 2015. The purpose of the first evaluation is to assess whether the operational design and logic corresponds with the actual operations. Further on, it also identifies results of implementation of such operations. Options for concluding the second part were needed so the secretariat developed a document with options for Phase 2 evaluation.

In the second phase of the evaluation, the focus will be on the Fund's overall results. It measures, if goals have been attained, reviews the progress toward the Fund's objectives, assesses the long term results of the portfolio, including the sustainability of the Fund's interventions, and formulates recommendations for potential improvements. The overarching question on that phase is: *"What are the achievements of the Fund since it was established and what are the key lessons that can be drawn for the future?"* The evaluation focuses on the performance and achievements of the Fund at project level. Five evaluation criteria are set up: i) relevance, ii) efficiency, iii) effectiveness and results (outcomes and impact) and iv) their sustainability.

The main audience of the evaluation includes all the Parties of the Kyoto Protocol, Parties of the UNFCCC, development partners, the Board (EFC, Project and Programme Review Committee (PPRC), and Accreditation Panel), the secretariat, the trustee, Implementing Agencies, Executing Entities, communities implementing and participating in interventions of the Fund, Designated Authorities for project submission, and Fund's observers.

In the Evaluation Framework there were identified roles and responsibilities for the Board, the secretariat, the EFC and IEs. It establishes requirements for the evaluation of the Fund's activities, in line with international principles, norms, and standards. For evaluation standards it recommended to use a quality assurance process. This can include comments and reviews of the ToRs for the evaluation, participate in and develop criteria for selecting the evaluation team and draft and final reports. The quality assurance process can be performed by different stakeholders to increase ownership of the evaluation.

The expected depth of the evaluation will include the portfolio of the Fund from 2010. Parallel to that, the evaluation will examine briefly the developments since the Fund was established. For the evaluation a mix of methods, tools and approaches is applied, e.g. literature reviews, progress reports of projects, analysis of the portfolio data base. Data and information will be collected through interviews, project desk documents reviews, assessment of the M&E system, and site visits to projects and IEs. The timeframe for the overall evaluation is expected to take 10 months.

For the implementation of the Phase 2 Evaluation there are two possible options. In the first option the Phase 2 Evaluation would be implemented by an independent firm and overseen by an IRP. An estimated budget from USD 334.750 to 395.300 is stated.

*Strengths and Opportunities of option 1:*

- An independent firm and an IRP will ensure good independence of the evaluation process;
- Evaluation process and outputs overseen by a group of international experts (IRP);
- In comparison with the first phase of the evaluation or the option 2 described below, this option could be lighter in terms of division of work and evaluation processes;
- The role of the Secretariat will be limited to provide administrative support to the IRP and the evaluation firm.

*Weaknesses and Threats of option 1:*

- Potentially slightly more expensive option, pending on final estimates of option 2

In the second option Phase 2 of the evaluation is implemented by an independent firm and overseen by the secretariat, with quality assurance ensured by the GEF Independent Evaluation Office. Estimated costs would range from USD 316.250 to USD 355.300, plus GEF IEO fees.

*Strengths and Opportunities of option 2:*

- Would benefit from the GEF IEO experience in overall comprehensive evaluations, knowledge of the related trust funds such as the GEF Trust Fund, the LDCF and the SCCF for which the GEF-IEO is the evaluation function and experience of the LDCF and the SCCF. As such, the involvement of the GEF IEO would ensure quality assurance to the evaluation process;
- b) Potentially slightly cheaper option, pending on final estimates

*Weaknesses and Threats of option 2:*

- The secretariat will need to oversee the evaluation process (including, but not limited to: drafting the ToR for the evaluation, selecting the evaluation firm, managing its work and ensuring timely delivery of the evaluation, coordinating the inputs of the GEF IEO, and reporting on progress of the evaluation to the EFC);
- Since the evaluation would be overseen by the Secretariat, the independence of the evaluation process is likely to be suboptimal;
- Limited technical expertise of the GEF IEO in climate change adaptation;
- More complex division of work and evaluation processes than option 1.

*The AFN welcomes the second phase of the evaluation of the AF. In our view, the Board should make a call of submission on the ToRs of the evaluation. This call should not only be for Board members, but also other Parties, as well as interested stakeholders. The AF is at critical juncture and needs the support of all stakeholders in the process ahead in the next years. Inputs by Parties on the evaluation of the AF is an opportunity to allow those countries that have some concerns on the effectiveness of the AF to get them transparently and systematically assessed.*

*The findings of the second evaluation will be a critical tool in the negotiation process that should consider how the AF could serve the Paris Agreement. It is therefore to send a strong signal of inclusiveness and transparency by allowing those Parties that are interested, to get involve in the evaluation process of the AF.*



## 3.2 Effectiveness and efficiency of the accreditation process

The Adaptation Fund Board secretariat, in collaboration with the Accreditation Panel has developed measures to enhance the efficiency and effectiveness of the accreditation process, integrating recommendations for observations from the overall evaluation. The “Proposal for Effectiveness and Efficiency of the Accreditation Process” were presented in the 17<sup>th</sup> meeting of the EFC. At the 26<sup>th</sup> meeting of the Board, the Panel and the secretariat were requested to consider relevant findings of the evaluation, finalize their work and present a draft for consideration by the EFC at its 18<sup>th</sup> meeting.

The evaluation found that the AF has developed thorough and reasonable accreditation requirements and continues to improve its process. The Secretariat and the Panel have also proposed better working methods and approaches to accreditation application without compromising quality. The proposal document from the 17<sup>th</sup> meeting of the EFC already mentioned the accreditation timeline checklist and guidance for accreditation process.

Further steps which have already been adopted are the (i) *Assignment of two main Panel reviewers for each new application, with the presentation of final assessment to the Panel as a whole for consideration and recommendation.* (ii) *An internal follow-up action matrix with assignments of Panel reviewers and indicative deadlines.* (iii) *Improved communication of the accreditation process and the required accreditation standards to applicant* and the (iv) *review of the legal capacity of the applicant at screening stage.*

A better time management to the accreditation review process should be achieved through the timeline/workflow. The timeline checklist, monitored by the secretariat, indicates the approximate time period to complete each stage of the process. It should reduce the period of time for accreditation review process.

To provide a better understanding of the accreditation standards, guidance notes have been prepared in form of a checklist to be used by applicants. They cover the required standards of the accreditation application. These guidance consists of (i) Requirements for Legal Personality; (ii) Guidance on the typical functions of an Audit Committee; (iii) Guidance on an Internal Control Framework; (iv) Typical elements of an annual Internal Control Statement; (v) Typical elements of Quality-at-Entry Review; (vi) Guidance on a project risk assessment and (vii) Typical elements of an Anti-fraud Policy and Procedures.

On basis of that, the EFC may want to consider recommending to Board to:

- (a) Approve the proposal to enhance effectiveness and efficiency of the accreditation process as contained in document AFB/EFC.18/4 and
- (b) Request the secretariat to publish the accreditation timeline checklist and guidance for the accreditation process on the Fund’s website.

*The AFN is of the view that as part of the strategy on accreditation the Board should also consider measures to make the readiness programme more effective and tailored to the needs of vulnerable countries in the accreditation process. Multilateral Implementing Entities should for instance have an obligation to support national entities that are aiming for implementation. The Fund should perhaps adopt a policy that should commit all MIEs, when accessing funding from the AF for adaptation project, to assist recipient countries to strengthen their institutions to get accreditation as well as to get involved in the daily proceeding of the project implementation. The strategy should include elements that make sure this obligation is met effectively:*

- The secretariat should develop a guide for NDAs how to engage with international implementing entities and intermediaries as to harness their full expertise towards accreditation of NIEs
- Develop a questionnaire for NDAs to better track efforts made by international entities to build national capacities. This should be filled out annually
- When submitting a proposal on behalf of a developing country, each international entity should communicate, along with the proposal, a timeline with annotated activities they plan to carry out as part of their effort to help national institutions to build their capacity to meet GCF standards and requirements

### 3.3 Report on Project Direct Services

The Ethics and Finance Committee (EFC) discussed the Annual Performance Report of the AF for the fiscal year 2015 at its 17<sup>th</sup> meeting. 12 requests from Implementing Entities that were received by the secretariat are included in that report. Five of them requests for Direct Project Services, four for material change and four for project extension. 11 of these 12 requests were received from UNDP. The Board has to set up rules that at the project proposal review stage limited or prevent implementing entities taking execution roles in the projects they are implementing.

In Decision B.26/33 the Board made discussions based on the EFCs recommendations: to approve the AF's Annual Performance Report for FY15; to note the number of requests for direct project services requested (RDPS) by UNDP; to inform IEs that the Board expects execution services provided by IEs to be submitted for consideration by the Board at the time of project approval; to clarify with partner executing entities the services that may be requested of the IEs before submission of fully-developed project documents to the Board; that RDPS are submitted to the secretariat before an agreement is signed between the IE and the government or executing entity for the provision of those services; for RDPS that are already approved by the Board request that IEs submit all the relevant justification for the RDPS explaining how the costs were established; request the Chair of the Board to discuss the matter with UNDP at the appropriate level and approve the provision by UNDP of Direct Project Services up to the amount of USD 100.000 for the project in Guatemala.

The secretariat shows in its analysis that UNDP submits any of such requests for approval by the Board prior to any agreement with the government. Further on the Board may want to request the Accreditation Panel to take into account issues related to recurring use of RDPS when deliberating on the reaccreditation of an IE. The Board may suggest as well alternative solutions, when considering RDPS submitted by IEs, such as revising the project to avoid direct services, or contracting such services to a third party. Since the 26<sup>th</sup> meeting the secretariat has not received new requests from IEs.

Finally the EFC recommend to the Board:

- a) Reiterate its request that Request for Direct Project/programme Services (RDPS) be submitted to the secretariat before an agreement is signed between the Implementing Entity and the government or executing entity for the provision of those services;
- b) Request the secretariat to include the provision under a) above in the template project agreement between the Board and the Implementing Entity;
- c) Continue considering RDPS on a case-by-case basis, with an understanding that analysis of the requests may suggest alternative conclusions, such as revising the project to avoid direct services, or contracting such services to a third party;

d) Request the Accreditation Panel to take these issues into account when deliberating on the reaccreditation of an implementing entity;

e) Approve, on an exceptional basis, in order to avoid putting the project in jeopardy, the provision by UNDP of Direct Project Services up to the amount of US\$ 82,471 for the project in Turkmenistan.

*It is the AFN understanding that a change in the project direct service -for instance performance of the execution role by the IE- clear implication on the fees proposed in the project documents. On the hand, the network is cognizant of the fact that several external parameters may influence a project implementation forcing the IE to identify new execution entities or to perform itself those services. Though event are sometimes unavoidable, the Board however need a procedure to revise the fees for execution, as to allow cost effectiveness and efficient use of its resources.*

### **3.4 Adaptation Fund Trust Fund: Financial Report Prepared by the Trustee**

Since the start of CER's monetization by the Trustee the fund has generated USD 195.75 million through CER sales. During 2015, the Trustee sold 3.96 million CERs and generated USD 4.96 million in CER proceeds. The average price reached during the quarter was EUR 0.96. The cumulative amount committed to approvals amounts to USD 362.80 million, out of this amount USD 331.03 million are pending to be transferred to implementing entities. The total fund available is about USD 177.65 million as of December 2015. As of December 31, 2015, cumulative donations to the Adaptation Fund amounted to USD eq. 343.37 million. Since the last meeting, the Trustee has executed a donation agreement with Belgium (EUR 1.5 million), Germany (EUR 50 million), Italy (EUR 2 million) and the Wallonia Region (EUR 250.000). Sweden made a pledge to donate (SEK 150 million). Furthermore USD 1.528 private or online donations were transferred to the Adaptation Fund Trust Fund.

### **3.5 Board and Secretariat and Trustee Administrative Budget for FY17**

An overview about the budgets of the board and secretariat of the Adaptation Fund as well as the trustee for the fiscal year 2017 is given in the following:

The Board is requested to approve the proposed budget of USD 4.572.837 of the Board and secretariat and USD 3.092.337 for the secretariat administrative services, USD 400.000 for the overall evaluation (Phase 2), USD 464.000 for accreditation services and USD 616.500 for the Readiness Programme. For the trustee services a proposed budget of USD 669.000 should be provided. At the 25th meeting the Board approved the Board and secretariat budget of USD 4.049.165 as well as the budget for trustee services of USD 669.999.

The proposal of the main secretariat budget for FY17 will include the conversion of two current staff position to GE level. Further additional cost for interim staff occurs due to a temporary leave of the operations associate. Further on the secretariat will propose that the Readiness Programme will be institutionalized as a standing component of the operations of the secretariat. The requested budget for the secretariat administrative services consists of personnel and travel component, general operations component, e.g. office space lease, equipment rentals and fees, and the meeting component which is mainly the user fee of the common conference rooms on the UN Campus. The budget requested for the Readiness Programme for FY17 consists similar to the main secretariat administrative budget of personnel, travel, general operations and meeting components. The

requested budget for trustee services covers estimated costs and expenses for monetization services, financial and program management, investment management, accounting and reporting, legal services, and the external audit.

The current estimates for the fiscal year 2016 shows that the possible budget is slightly (1.7%) overran. The budget increases due to inflation, staff costs, very little flexibility, increasing portfolio of projects, record number of project proposals, increasing number of accredited IEs and further costs due to relocation of the secretariat as well as the user fee for the conference room.

## 4 Report of the Secretariat on initial screening of project proposal

As usual all project proposals submitted to the AF are technically screened by its Secretariat, which made an assessment of their compliance with the AF's policies guidance, before it makes recommendation on their approval to the Board. This part deals with the findings of this initial review by the Secretariat submitted to the Board for its consideration at this meeting.

Because of its financial constraint, the AF made a decision that cumulative budget for funding submitted by MIEs for consideration should not exceed 50% of the total amount available for funding at the start of each of its board meeting (*Decision B.12/9*). As of 31<sup>st</sup> of December, the cumulative funding decisions for MIEs projects amounted US\$ 219.81 million, by a cumulative funding decision amounting to to US\$ 331.03 million. Accordingly, for this Board meeting overall resources for funding decisions amount to US\$ 177.65, this means that funds available for MIE is US\$ 34,53.

Prior to this meeting, 15 proposals were submitted by implementing entities (IEs) to the Secretariat with a total requested amount of USD 80,733,906. Out of the 15 proposals, 11 were concepts notes with a total funding request of US\$ 58,828,184 and four fully developed proposals with a total requested funding of US\$ 21,905,722. During the period of assessment, two concepts and one fully developed proposal were withdrawn by the project owners. During the technical review some implementing entities amended the budget previously requested. This lead to a final total amount requested for 12 proposals of US\$ 72,090,698, with US\$ \$49,229,459 for the nine concepts, and US\$ 22,861,239 for the 3 fully developed proposals. The proposals included an average of 7.1%<sup>1</sup> as IE's management fees and 8.4%<sup>2</sup> in execution costs of the total amount requested. All the below listed proposals are in compliance with the cap for execution and management fees set by the Board.

Further eight regional proposals were submitted to the Secretariat under the pilot programme for regional proposals with a total requested amount of US\$ 81,914,789. Among those regional proposals six are pre-concepts and two are at the concept stage. All regional proposals are in compliance with the Fund policies and do not exceed the maximum execution and implementation fees.

Accordingly, 12 proposals underwent the screening process and were submitted to the Board for approval.

The six pre-concepts are: AFB/PPRC.18/16 Proposal for Chile and Ecuador (CAF) AFB/PPRC.18/17 Proposal for Cambodia, the Lao People's Democratic Republic, Myanmar, Thailand and Viet Nam (UNESCO), AFB/PPRC.18/18 Proposal for Colombia and Ecuador (WFP), AFB/PPRC.18/18/Add.1 Project Formulation Grant for Colombia and Ecuador (WFP), AFB/PPRC.18/19 Proposal for the Comoros, Madagascar, Malawi and Mozambique (UN-Habitat), AFB/PPRC.18/20 Proposal for Ethiopia, Kenya and Uganda (WMO). The two concepts are submitted respectively by UNESCO on behalf of Kyrgyzstan, Tajikistan and Uzbekistan and by BOAD for Benin, Burkina Faso, Ghana, Niger and Togo.

*The interest of developing countries in the AF has been increasing over the last years. Since the last Board Meeting an increasing number of proposals have been submitted to the Board, despite the*

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<sup>1</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>2</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

*financial constraint financial by the AF and the likelihood that proposals submitted particularly by MIEs may be put in project pipeline.*

*The AF is of the view that the main issue to be addressed at this meeting is related to regional proposals, given the increasing high interest by countries to harness this pilot programme. 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 its implementation. However, there is a shared view that regional projects are “especially important to harmonize climate monitoring and prediction and the development of global and regional data sets”<sup>3</sup>.*

*Since adaptation to climate change is also 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.*

*It will be important that the AF clarifies to the IE how much funding is available for regional projects. Several concepts are in the pipeline and IEs are hoping funding for the proposals they are currently developing.*

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<sup>3</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>

Country	IE	Financing requested (USD)	Stage	IE Fee, USD	IE Fee, %	Execution Cost (EC), USD	EC, % of Total
Federated States of Micronesia	MCT	\$1,000,000	Project concept	\$78,200	8.48%	\$83,800	8.38%
Namibia (1)	DRFN	\$750,000	Project concept	\$58,756	8.50%	\$65,668	9.50%
Namibia (2)	DRFN	\$750,000	Project concept	\$58,756	8.50%	\$65,668	9.50%
Antigua and Barbuda	ABED	\$9,401,275	Project concept	\$0	0.00%	\$658,400	7.00%
Panama	Fundación Natura	\$9,952,131	Project concept	\$716,890	7.76%	\$801,230	8.68%
Guinea Bissau	BOAD	\$9,979,000	Project concept	\$781,000	8.49%	\$798,000	8.68%
Peru (1)	CAF	\$2,897,053	Project concept	\$214,597	8.00%	\$232,725	8.68%
Togo	BOAD	\$10,000,000	Project concept	\$770,834	8.35%	\$762,041	8.26%
Lao People's Democratic Republic	UN-HABITAT	\$4,500,000	Project concept	\$352,534	8.50%	\$359,825	8.68%
Peru	PROFON ANPE	\$6,950,239	Fully developed project document	\$544,489	8.50%	\$555,750	8.68%
Niger	BOAD	\$9,911,000	Fully developed project document	\$760,000	8.31%	\$768,000	8.39%
Albania	The World Bank	\$6,000,000	Fully developed project document	\$465,000	8.40%	\$525,000	9.49%
<b>Total</b>		<b>\$72,090,698</b>		<b>\$4,801,056</b>	<b>7.13%</b>	<b>\$5,676,107</b>	<b>8.44%</b>

Figure1 Single-country project proposals submitted to the 27th Adaptation Fund Board meeting

## 5 Proposal for Gender Policies and Action Plan of the Fund

The issue of Gender Policy was brought by the Ethics and Finance Committee (EFC), where Board members shared diverging views whether gender related issues under the AF policies are sufficient to help the Fund fulfil its mandate (AFB/EFC.16/8). Based on the discussion held in the Board, a paper was prepared by the Secretariat “Gender related Policies and Procedures of the Fund” that was discussed at the last meeting of the Board. At this meeting, the Board after intense discussion, requested the Secretariat to further develop the paper by taking into account issues raised by members during the meeting as well as inputs made by stakeholders. Along with the same decision, the Secretariat shall also provide an estimate of the costs related to operationalizing the policy (Decision B.26/32).

This part deals with the updated document prepared by the Secretariat on gender policy and action plan to be adopted by the Board at this meeting, as well as the proposed amendments to the Fund Operational Policies and guidelines.

At the outset, it is important to mention that the AF was lagging behind other funds in term of gender policy. The AF’s policy hence is based on the best experience gathered from existing policies used the different climate funds. In addition, the AF’s Gender Policy follows a human right-based approach and is in compliance with international best practice on women engagement such as the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW)

Further it systematically integrates key principles of the AF’s own environmental and social Policy (ESP), especially the principles on access and equity, on consideration of marginalized and vulnerable groups and of human rights. It expands the principle of gender equity and women’s empowerment, which is process -oriented and often subjectively contextualized, to the legal mandate of gender equality as the goal that the Fund strives to attain through its processes (AFB/EFC.18/5, p.4). In addition, the gender policy of the Fund is also meant to be integrated in the accreditation process.

The objective of the gender policy is to ensure that the Fund and its implementing entities uphold women’s human rights and to contribute to gender equality in line with international human rights instruments. It is comprehensive policy, which and will apply to all the operations of the fund, regardless of the sector or types of project to be financed.

### **The Fund’s gender policy has the following objectives:**

- . (a) To ensure that the Fund will achieve more effective, sustainable and equitable adaptation outcomes and impacts in a comprehensive manner in both its internal and external procedures;
- . (b) To provide women and men with an equal opportunity to build resilience, address their differentiated vulnerability, and increase their capability to adapt to climate change impacts; recognizing the need for targeted efforts in order to ensure women’s participation.
- . (c) To address and mitigate against assessed potential project/programme risks for women and men in relation to concrete adaptation actions financed by the Fund; and
- . (d) To contribute to addressing the knowledge and data gaps on gender- related vulnerabilities and to accelerate learning about effective gender- equal adaptation measures and strategies.
- . (e) To consult with affected women and men actively, taking into account their experiences capabilities and knowledge throughout Fund processes.



The purpose of a Gender Action Plan for the Fund is to provide a framework and accountability tool for the full operationalization of the new Gender Policy of the Fund by setting clear time-bound goals and priorities. The Fund will be responsible for the effective implementation of the gender policy, while the secretariat and the IE will play a pivotal role in coordinating the implementation and oversight of the policy. In addition, the AF will prepare relevant guidance to IE on the operationalization of the gender policy. This guidance document for IE should be in compliance with the Adaptation Fund Gender Policy<sup>4</sup>. It is a tool that gives IEs concrete examples on how to operationalize the policy. It also provides an overview of how the gender policy affects their obligations throughout the project/programme cycle as partners of the Fund. This guidance is needed in order to; a) amend the operational policies and guidance as to include explicit reference on gender equality; b) amend, the accreditation application form, which currently contains no reference on gender capacities; c) reinforce gender related requirement in the instruction for preparing request for funding from the AF as well as the project and programme Review Committee; d) update the guidance document for IE on compliance with the Fund Environmental and Social Policy. Further the guidance should also help build the capacity of the different accredited entities and their executing entities as well as the Designate Authorities to better mainstreaming gender related issues in the whole process related to AF funded projects.

The document proposes a tiered approach to be applied to rolling out the gender policy to already accredited implementing entities as well as new accredited entities<sup>5</sup>. This means that the gender policy will be implemented not only by already accredited entities, but also for new entities. To that end, the secretariat proposes to build the capacity of all relevant stakeholders to better implement the policy.

*The AFNGO Network has made a submission on the Fund's Gender Policy that has been fairly considered in the Secretariat Document. In summary, the AFN has called for an integration of gender considerations into the Fund's policies and procedures as a crucial component for the Fund to reach the desired impact, namely to increase the resiliency at the community, national and regional levels. It also agrees with the current draft policy that such a policy will underline the commitment of the Fund at its highest levels of decision-making and management and be an important signal to IEs and partners all over the world as well as to the communities and vulnerable people the Fund serves. In our view the AF should adopt a fund wide gender sensitive approach that encompasses not only operation of the Fund, but also reflected in its Board. Though it is difficult to ensure a balanced Gender representation in the Board, it is important that more women chair the Fund. So far, after 10 years of existence, the AF has had only one women as chair.*

*The Gender Policy should be accompanied by a multi-year gender action plan to ensure the systematic implementation of a Fund gender policy and create accountability for Fund results in integrating gender equity considerations into all of its operations (AFB/EFC.17/5)."*

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<sup>4</sup> Similar guidelines for IEs on compliance with a new policy were elaborated in Guidance document for Implementing Entities on compliance with the Adaptation Fund Environmental and Social Policy, see [http://www.adaptation-fund.org/wp-content/uploads/2015/06/ESP-Guidance-document\\_0.pdf](http://www.adaptation-fund.org/wp-content/uploads/2015/06/ESP-Guidance-document_0.pdf).

<sup>5</sup> The Fund's ESP was phased in following a tiered approach for different categories of entities, depending on accreditation status such as whether they are already accredited and implementing approved projects/programmes; are accredited without approved projects/programmes; applicant entities under review by the Accreditation Panel; new accreditation applicants; or accredited IEs applying for reaccreditation after five years. Decision AFB/B.22/23 and document AFB/B.22/5/Add.1.

## 6 Potential linkages between the AF and the GCF

The debate on the potential linkages between the GCF and the AF started at the 24<sup>th</sup> meeting of the AF. At that meeting, the AF Board requested its Secretariat to prepare a document that explores potential linkages between the AF and the GCF. Thereupon a document “Potential Linkages Between the AF and the GCF” was prepared by the Secretariat, which considers among others the establishment of an operational linkage with the GCF, through a) either accreditation or an ad hoc agreement or memorandum of understanding; b) and the possibility of institutional integration between the two funds (Document AFB/B.24-25/1). This paper was then discussed at the subsequent Board meeting. Two further options emerged from the discussion; namely the possibility a) of the AF to enter in a kind of MoU or legal arrangement with the GCF, whereby the AF could program funds from the GCF; and b) the option of the AF to get accredited by the GCF as an intermediary.

The Board again after consideration and reflection on the options presented in the paper and their underlying implications, requested its Secretariat and its Trustee to jointly prepare a paper which looks at legal, operational, and financial implications of various linkages scenarios between the AF with the GCF, and to report back to its twenty-sixth meeting.

In the discussion at the Board it comes out that an accreditation of the AF by the GCF only makes sense, if the AF could act as an intermediary that will submit broad programmes to the GCF and then distribute those resources to its entities by applying its own funding policies. In addition, the paper explored the feasibility of an accreditation the AF by the GCF as an international intermediary, without assessing whether the AF meets the GCF accreditation standards and safeguards. With respect of the option of entering into legal agreements, the paper and the discussion afterwards in the board concluded that given the lack of policies and rules by the GCF, -that are yet to be defined-, it would be premature to assess into depth to further survey option to operationalize it.

Rather, the AFB recommended in its report to the CMP to mandate its Co-Chairs and its Secretariat to continue engaging with the SCF and the GCF to further explore how to operationalize the link between the GCF and the AF. Further, the same report also suggested to request the CMP to provide guidance to the GCF Board to consider potential linkages between the GCF and the Adaptation Fund within the context of paragraphs 33-34 of the Governing Instrument of the GCF (Decision B.26/38).

In Paris the discussion went on and forth on issues related to the AF. The newsletter of the AFNGO provides in-depth insight on the negotiation held in Bonn.

COP 21 in decision 7/CP.21, Report of the Green Climate Fund to the Conference of the Parties and guidance to the Green Climate Fund, decides to encourage “the Board of the Green Climate Fund to improve complementarity and coherence with other institutions, per paragraphs 33 and 34 of the governing instrument of the Green Climate Fund, including by engaging with relevant bodies of the Convention, such as the Standing Committee on Finance”.

Following approval of decision 7/CP.21 and as of the date of issuance of this document, the GCF Board had not met. The twelfth meeting of the GCF Board (B.12) is scheduled to take place in Songdo, South Korea, from 8-10 March 2016. Document GCF/B.12/04, Guidance from the Conference of the Parties: Proposal from the Co-Chairs, contains a summary of guidance from COP 12 (table 1). With respect to the complementarity and coherence issue, the proposal by the Co-Chairs for the 2016 work plan is “initial scheduling for B.12, with a first substantive discussion at B.14.” The proposed decision for B.12 is a “[p]rocedural decision requesting new work by the Secretariat.” The secretariat will attend this meeting and report back to the Board.

CMP 11 in decision 1/CMP.11, report of the Adaptation Fund Board, took note of the “[o]ngoing discussion on linkages between the Adaptation Fund and the Green Climate Fund;”

#### **Decisions taken in Bonn on the AF that are related to potential linkages between the AF and the GCF**

This is a very important agenda item, as it is closely linked with the future role of the AF in the pre and post 2020 climate finance landscape.

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