

# 50% CAP FOR PROJECTS FROM MIES REACHED

GERMANWATCH REPORT ON THE 18<sup>TH</sup> MEETING  
OF THE ADAPTATION FUND BOARD

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## Brief Summary

The Adaptation Fund (AF) was established under the Kyoto Protocol of the UN Framework Convention on Climate Change (UNFCCC) in order to finance concrete adaptation projects and programmes in developing countries affected by the global climate change. This report summarises the key decisions taken during the 18<sup>th</sup> meeting (June 28 and 29) of the Adaptation Fund Board.

More detailed information about the Adaptation Fund is available on the Germanwatch website ([www.germanwatch.org/klima/af](http://www.germanwatch.org/klima/af)). Germanwatch has also established a NGO Network to help NGOs in developing countries to better accompany the implementation of projects funded by the Adaptation Fund (see [www.af-network.org](http://www.af-network.org)). The background information and preparatory documents of the 18<sup>th</sup> meeting are also available at [www.adaptation-fund.org](http://www.adaptation-fund.org).

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# Contents

<b>1</b>	<b>Executive Summary</b> .....	<b>4</b>
<b>2</b>	<b>Report of the Accreditation Panel</b> .....	<b>6</b>
2.1	Accreditation of Implementing Entities .....	6
2.2	Intersessional Accreditation .....	7
<b>3</b>	<b>Report of the sixth meeting of the Project and Programme Review Committee (PPRC)</b> .....	<b>8</b>
3.1	Approval and Endorsement of projects/programmes .....	8
3.2	50% cap for funding of projects from MIEs .....	12
<b>4</b>	<b>Report of the sixth meeting of the Ethic and Finance Committee (EFC) meeting</b> .....	<b>14</b>
4.1	Investigative Procedures .....	14
4.2	Implementation of the 50% cap on MIE project approvals.....	15
4.3	Project Performance Report (PPR) review process.....	15
4.4	Implementation of the code of conduct.....	16
4.5	Implementing Entities Fee .....	17
<b>5</b>	<b>Financial status of the Adaptation Fund Trust</b> .....	<b>18</b>
5.1	Fundraising Campaign and Strategy .....	18
5.2	Financial Status of the Adaptation Fund Trust Fund .....	19
5.3	Administrative Budgets of the Board and Secretariat, and the trustee for the fiscal year 2013 (FY13) .....	19
5.4	CERs Monetization – proposed amendment for the monetization guidelines ..	20
5.5	Budget of the Evaluation Function for the FY13 .....	21
<b>6</b>	<b>Other matters discussed in the EFC</b> .....	<b>22</b>
6.1	Delay in the start up of the project of Eritrea.....	22
6.2	Proposed upgrade of the secretariat manager's position.....	22
<b>7</b>	<b>Performance review of the AF</b> .....	<b>24</b>
7.1	Performance Review of the Trustee .....	24
7.2	Regarding the institutional arrangement with the GEF providing the secretariat service	25
<b>8</b>	<b>Dialogue between the AFB and civil society</b> .....	<b>27</b>

# 1 Executive Summary

From Thursday, June 28 – Friday, June 29, the 18<sup>th</sup> meeting of the Adaptation Fund Board (AFB), the operating body of the Adaptation Fund established under the Kyoto Protocol, took place at Langer Eugen in Bonn, Germany. For the first time since its inception two committees of the Board, the Ethic and Finance Committee and Project and Programme Review Committee, met for two days (instead of one day only) to discuss issues that are assigned to their mandate. On Thursday, June 28 the committee members resume the meeting in the AFB to discuss and approve decisions based on the recommendations prepared in the committees. The following key decisions have been taken by the AFB:

The AFB accredited the National Bank for Agricultural and Rural Development (NABARD) as National Implementing Entity (NIE) of India. NABARD is now eligible to access funds directly, without the involvement of a multilateral institution. Furthermore the AFB also authorised the Accreditation Panel to intersessionally accredit two further NIEs applicants (NIE023, NIE037), should the requested information be provided in a satisfactory manner. Henceforth, the Board has now accredited 12 NIEs, and the NABARD of India represents the second NIEs for the Asian region after the accreditation of the Ministry of Planning and International Cooperation (MOPIC) of Jordan.

With regard to project approval process, the AFB has approved seven projects and programmes for a total amount of US\$ 50,664,884,00. Among the approved projects only the one from Jamaica is a direct access one to be implemented by the Planning Institute of Jamaica as NIE. The grant approved for this project amounts to nearly US\$ 10 million. The project aims at improving land and water management for the agricultural sector, strengthening coastal protection, and building institutional and local capacity for climate change adaptation in the parishes of Westmoreland, Manchester, Clarendon, St. Mary, St. Ann, Trelawny, and St. Thomas.

The AFB also approved US\$ 40.7 million in grant funding for six projects/programmes implemented by multilateral implementing entities. The approved projects will be implemented by the United Nations Development Programme (UNDP) in Colombia and Djibouti, the United Nations Environment Programme (UNEP) in Cambodia, the World Food Programme (WFP) in Egypt and Mauritania, and the International Fund for Agricultural Development (IFAD) in Lebanon. The projects aim at addressing various climate change effects.

Furthermore and according to the recommendations of the Ethics and Finance Committee, the AFB considered the investigative procedure to prevent itself from mismanagement and material break. The AFB further discussed about the Project Performance Report (PPR). The PPR is submitted on annual and rolling basis by the implementing entities to the AFB in order to give an update on the implementation of the projects, the use of the funding, key milestones achieved and challenges ahead. The document is critical for the funding decision for the next steps of the implementation. The AFB also discussed further its fundraising strategy and how it could meet its goal of securing an additional US\$ 100 million by the end of 2013. The financial status of the AFB and the budget for the fiscal year 2013 were also important items that have been debated.

Noteworthy at the last meeting was the discussion on the performance review of the institutional arrangement of the AFB with the interim trustee and secretariat. The ad-hoc

group set in place to formulate the position of the AFB on the findings of the consultant and comment made by the interim institutions presented its conclusion to the AFB.

Moreover, the AFB considered how to best implement the 50% cap of available funding for MIE. This item is seen as a cross-cutting one and has been discussed in both committees. Background to this discussion is the decision of the AFB that MIE projects 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. Since at this meeting, the percentage of the total amount requested by MIEs fund had reached 49% of cumulative funds, the AFB was confronted with the issues on how to set up a pipeline to set priorities within the range of MIE project application.

Last but not least, the AF pursued its interaction with CSOs through the so-called CSO dialogue. The meeting took place on Monday, June 25 with a group of civil society organizations mainly representative of the AF NGO Network. For the first time the dialogue was live webcasted and other interested stakeholders followed the meeting via twitter and facebook. Five partners of the AF NGO Network from Senegal, Jamaica, Honduras, South Africa and Benin participated in the interaction with the AFB and reported on the activities that are going on in their countries.

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

## 2 Report of the Accreditation Panel

The Adaptation Fund (AF) offers developing countries two access modalities to its resources. Developing countries can take the classic way by using the service of Multilateral Implementing Entities or use their own institutions to access to the fund. For tackling the direct access path, developing countries can nominate for accreditation domestic institutions, which have to meet the same fiduciary standards as those to be met by MIE such as “sound financial management, including the use of international fiduciary standards<sup>1</sup>”. However, the identification of the suitable institution, its nomination and the accreditation process remain a great, but manageable challenge for the developing countries with the least institutional capacity. In the briefing paper to this meeting, we emphasised – because of the fact that more NIEs (11) are accredited now than MIEs (10) by the AFB – that direct access is no longer a pilot programme, but a reality that is becoming popular and well appreciated by vulnerable countries.

The Accreditation Panel (AP) is in charge of the task of recommending to the AF the accreditation, the suspensions and cancellations of potential and accredited Implementing Entities. For this meeting the AP examined four new applications for accreditation (NIE037, NIE039 RIE004, and RIE005<sup>2</sup>). Seven ongoing NIE applications<sup>3</sup>, one Regional Implementing Entity (RIE) and one MIE application were further reviewed by the AP. After this review, the AP recommended to the AF following decisions, which it has agreed upon.

### 2.1 Accreditation of Implementing Entities

**Accredit the National Bank for Agricultural and Rural Development (NABARD)** as National Implementing Entity of India. The application was submitted in August, 2011. Throughout the accreditation process, an intense exchange had taken place between the AP, the AF secretariat and the applicant. The requested information requested by the AF Secretariat was satisfactorily provided by NABARD. The main obstacle during the accreditation was to find out the right components of the NABARD that should be linked to the AF for the possible uses of adaptation funding. The result was to request the NABARD to use similar modalities and standards as it uses to manage foreign donation since decade.

The NABARD is one of the large bank of India, with strong fiduciary standards, anti-fraud and corruption standards, which assures zero tolerance to corruption. It has been created in 1982, with the goal of sponsoring sustainable and equitable agriculture and rural prosperity.

*This accreditation of the Indian's National Bank for Agricultural and Rural Development raises two fundamental questions. Firstly, yet it is the first time since the inception of the accreditation process that the AF accredited a national bank as an NIE. NABARD is not an usual bank as such, because it has been set up by the government of India as a devel-*

<sup>1</sup> Decision 5/CMP.2

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

<sup>3</sup> The Implementing Entities are: NIE018, NIE023, NIE028, NIE032, NIE034, NIE035, NIE037, RIE002 and MIE011.

opment bank with the mandate of facilitating credit flow for promotion and development of agriculture and integrated rural development<sup>4</sup>. Though the bank has been working with rural people by promoting sustainable rural development and ushering in prosperity in the rural areas, it is quite important to link this expertise with climate related issues particularly to the implementation of adaptation actions. Although, the AP's report identifies this as a major barrier in the accreditation process, it is quite silent on the components of the fund that will be strengthened in order to be able to manage the AF's fund. Secondly, and this is a political one, while it is of course important also for India to exercise the accreditation process and get its NIEs accredited, it will be interesting to follow up the development and the role which India will play in the AF. As an emerging economy – such as South Africa, which also has accredited its NIE – with certain high capacities in term of finance and institution and not least because of its advocacy role of vulnerable countries in the major multilateral fora, it will be interesting to see whether India and to some extent South Africa will submit projects to the AF, bearing in mind the scarce resources of the AF to be shared among hundred of poor countries. Of course, India is eligible for the AF's fund, but it has in some degree committed itself to solidarity with other poorer countries.

## 2.2 Intersessional Accreditation

The Board decided to intersessionally accredit two NIEs applicants (NIE023, NIE037), if the requested documentations will be satisfactorily provided by the applicants. The rationale behind this procedure is that the AP feels that the two proponents demonstrate strengths to be strong candidates with high prospect of accreditation as NIE.

Regarding **National Implementing Entity NIE023**, a field visit is planned to be conducted in July 2012. The goal of this field visit is to first hand-check and experience that the NIE is in fact able to rise to the challenges identified in the accreditation process. Should therefore the findings of the field visit be consistent enough, the AF authorised the AP to intersessionally accredit the NIE023 as NIE.

Unlike the first applicant, there will be no field visit conducted to the **National Implementing Entity NIE037**. Rather the AP should continue its interaction with the applicant with the view of closing the gaps noticed during the accreditation processes. Should the interaction be successful, the AF also authorised at its 18<sup>th</sup> meeting to intersessionally accredit the NIE037 as NIE.

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<sup>4</sup> [http://www.nabard.org/nabardrolefunct/nabardrole\\_n\\_functions.asp](http://www.nabard.org/nabardrolefunct/nabardrole_n_functions.asp)

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

The PPRC is responsible for assisting the Board in tasks related to project and programme review and implementation – in accordance with the Operational Policies and Guidelines – and for providing recommendations and advice to the Board thereon<sup>5</sup>. Thus, during the meeting, the Board debated on the recommendations on approval of the submitted project proposals to the Board provided by the PPRC, which is in turn based on the technical review made by Secretariat.

Noteworthy is that the AF Secretariat has for the first time issued publicly its technical reviews of all project. This technical review finding is the document that leads the PPRC in their project approval considerations. It contains shortcoming, challenges, inconsistency and opportunities, that the projects could spawn. The publication of these reviews now allows interested stakeholders to get a better understanding of critical issues and to follow up the clarification process between the Secretariat and project proponents, related to specific projects. This technical review enabled interested stakeholders to know the strength and weakness of the projects to be implemented in their countries, in order to help to better track records the implementation of the project in the interest of the targeted people. Since this information has not yet been publicly available, despite the claim of CSO following the AF, the disclosure of the technical summary represents therefore another milestone that the AF has achieved by the AF towards transparency and accountability of its approval decisions of projects.

This part of the document summarises the funding decisions of the AF agreed at its 18<sup>th</sup> meeting.

#### **3.1 Approval and Endorsement of projects/programmes**

As usual, the PPRC considered in its meeting all submitted project and proposals for approval. The discussion in the PPRC builds on the initial screening report undertaken by the secretariat, which provides information on the shortcomings and strength of the projects submitted. Since the report of the secretariat on initial screening/technical review of submitted projects has been in detail analysed and presented in our briefing paper prior to this meeting, this part will only go through into the substantial discussion and input that came out in both in the PPRC and the AFB meeting. Accordingly, the PPRC, having considered the project proposals and based on the technical review, formulated its recommendation to the Board, which in turn after a discussion decided:

**To approve seven and not to approve eight fully developed projects**<sup>6</sup>. The total amount of funding approved at this meeting is US\$ 50.664.884. Among the fully developed projects, only one is a direct access project. This full project has been submitted by the government of Jamaica through the Planning Institute of Jamaica in its quality as NIE and aims at enhancing the resilience of Agriculture and Coastal Resources for Food Security and Livelihoods Protection. The total cost requested for the implementation of the

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<sup>5</sup> See document AFB/B.6/6 on the Adaptation Fund Board committee

<sup>6</sup> The not approved projects are from Argentina, El Salvador, Fiji, Ghana, Mali, Mauritania, Seychelles, Sri Lanka.

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Jamaica proposal project US\$ amounts to 9,965,000. It is the third NIE project ever funded by the AF after those of Senegal and Uruguay.

Two of the projects – from Columbia and Djibouti – will be implemented by UNDP. Altogether, UNDP is in charge of implementing 16 projects out of the 24 projects so far approved by the AF. This clearly shows the supremacy of the UNDP among all the implementing entities in securing funding. The same trend has been observed under the GEF<sup>7</sup>. Accurately said, the 16 projects represent 67% of all the approved projects by the AF.

UNEP and the IFAD will implement each one project, respectively from Cambodia, and Lebanon. The WFP is in charge of the carrying out two projects from in Egypt and Mauritania making three projects entrusted to the WFP.

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<sup>7</sup>Sven Harmeling and Alpha Oumar Kaloga 2011 Understanding the Political Economy of the Adaptation Fund (pages 23–32). <http://onlinelibrary.wiley.com/doi/10.1111/j.1759-5436.2011.00219.x/abstract>

## PPRC Funding Recommendations (June 27, 2012)

	Country/Title	IE	Document Ref	Project	Fee	NIE	MIE	IE fee %	Total Amount	Decision
<b>1. Projects and Programs:</b>										
	Jamaica	PIOJ	AFB/PRRC.9/7	9,185,000.00	780,000.00	9,965,000.00		8,5%	9,965,000.00	Approved
	Cambodia	UNEP	AFB/PRRC.9/9	4,566,150.00	388,123.00		4,954,273.00	8,5%	4,954,273.00	Approved
	Colombia	UNDP	AFB/PRRC.9/10	7,850,974.00	667,333.00		8,518,307.00	8,5%	8,518,307.00	Approved
	Djibouti	UNDP	AFB/PRRC.9/11	4,293,600.00	364,956.00		4,658,556.00	8,5%	4,658,556.00	Approved
	Egypt	WFP	AFB/PRRC.9/12	6,392,887.00	511,431.00		6,904,318.00	8,0%	6,904,318.00	Approved
	Lebanon	IFAD	AFB/PRRC.9/16	7,245,000.00	615,825.00		7,860,825.00	8,5%	7,860,825.00	Approved
	Mauritania	WFP	AFB/PRRC.9/18	7,225,561.00	578,044.00		7,803,605.00	8,0%	7,803,605.00	Approved
	Argentina	WB	AFB/PRRC.9/8	3,960,200.00	336,617.00		4,296,817.00	8,5%		Not approved
	El Salvador	UNDP	AFB/PRRC.9/13	5,000,000.00	425,000.00		5,425,000.00	8,5%		Not approved
	Fiji	UNDP	AFB/PRRC.9/14	5,280,000.00	448,800.00		5,728,800.00	8,5%		Not approved
	Ghana	UNDP	AFB/PRRC.9/15	8,156,682.00	693,318.00		8,850,000.00	8,5%		Not approved
	Mali	UNDP	AFB/PRRC.9/17	7,864,837.00	668,511.00		8,533,348.00	8,5%		Not approved
	Mauritania	WMO	AFB/PRRC.9/19	1,990,764.00	169,216.00		2,159,980.00	8,5%		Not approved
	Seychelles	UNDP	AFB/PRRC.9/20	5,950,000.00	505,750.00		6,455,750.00	8,5%		Not approved
	Sri Lanka	WFP	AFB/PRRC.9/21	7,371,401.00	589,712.00		7,961,113.00	8,0%		Not approved

<b>Sub-total</b>				<b>92,333,056.00</b>	<b>7,742,636.00</b>	<b>9,965,000.00</b>	<b>90,110,692.00</b>	<b>8,4%</b>	<b>50,664,884.00</b>	
<b>2. Project Formulation Grant:</b>										
	Argentina	UCAR	AFB/PRRC.9/4/A dd.1						30,000.00	Approved
<b>Sub-total</b>									<b>30,000.00</b>	
<b>3. Concepts:</b>										
	Argentina	UCAR	AFB/PRRC.9/4	5,200,000.00	440,000.00	5,640,000.00		8,5%	5,640,000.00	Endorsed
	Paraguay	UNEP	AFB/PRRC.9/5	6,570,000.00	558,450.00		7,128,450.00	8,5%	7,128,450.00	Endorsed
	Peru	IDB	AFB/PRRC.9/6	6,405,750.00	544,489.00		6,950,239.00	8,5%	6,950,239.00	Endorsed
<b>Sub-total</b>				<b>18,175,750.00</b>	<b>1,542,939.00</b>	<b>5,640,000.00</b>	<b>14,078,689.00</b>	<b>8,5%</b>	<b>19,718,689.00</b>	
<b>4. Total (4 = 1 + 2 + 3)</b>				<b>110,508,806.00</b>	<b>9,285,575.00</b>	<b>15,605,000.00</b>	<b>104,189,381.00</b>	<b>8,4%</b>	<b>70,413,573.00</b>	

Three project concepts stand for consideration by the PPRC for a total amount of US\$ 19,718,689. All the three concepts from Argentina, Paraguay and Peru considered at the meeting have been endorsed. It is important here to make a note of the fact that the project of Argentina – once fully developed and approved – would be implemented by the Unidad para el Cambio Rural (Unit for Rural Change – UCAR) in its capacity as an NIE. It aims at enhancing the Adaptive Capacity and Increasing Resilience of Small-size Agriculture Producers of the Northeast of Argentina. For the same project the AF approved US\$ 30 000 as Project Formulation Grant. This type of grants is only allocated to NIE, in order to assist them in undertaking the necessary analysis and consultations so as they can submit well-prepared projects.

The endorsement of all the concept notes underlines the findings of the AF Secretariat on lessons learnt from the approval process of projects that more than 53% of the concepts submitted to the AF have been endorsed at first submission, compared to 39 % success rate for submitted full proposal.<sup>8</sup> In other words, one can assume that concept proposals have a high rate of success. Implementing entities are well advised to tackle the two-step approval process by submitting concepts for endorsement before putting forward full proposals, so as they can maximise their success rate.

### **3.2 50% cap for funding of projects from MIEs**

In order to reserve sufficient fund resources for NIE projects, the AFB previously set a 50% cap for MIEs project. The AFB decided this at its 12<sup>th</sup> meeting. Accordingly, 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<sup>9</sup>.

The percentage of the total amount requested by MIEs fund had reached 49% of cumulative funds after the project decisions taken at this meeting, and it will therefore soon be necessary to consider a pipeline for MIE projects. This requires to elaborate adequate criteria in order to prioritise those projects of MIEs that bring most of the benefits for the recipient and the AF. In the discussion, the chair of the PPRC has expressed his concern regarding the turn-down in the quality of projects submitted by MIE. He assumed that MIEs have acted hastily to submit projects before the 50% is overstepped. He therefore called on the MIEs not to rush but to take time to prepare good projects.

The first one is in relation to the date of the first submission of the projects. According to the secretariat, applying the submission date as criteria could enforce the traffic light of the AFB, however the option is a bit tricky and needs further clarifications. Does the date of submission mean the date of the first submission for consideration or the date of submission to the present meeting? Similarly endorsed project concepts should not keep out, when it comes to rank project and programme to be approved, in order to further encourage the two steps process by allowing project proponents submitting concept note. In doing so this could allow and facilitate the funding of well-developed projects. Regarding the second option of prioritising those projects with low "net" cost, the secretariat pointed

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<sup>8</sup> Overall, the concepts and full proposals accepted at first submission represent 53% and 39% of the total submitted concepts and full proposals, respectively. See <http://adaptation-fund.org/content/adaptation-fund-project-review-process-lessons-learned>

<sup>9</sup> Decision B.12/9: [http://www.adaptation-fund.org/sites/default/files/AFB\\_12-Report.pdf](http://www.adaptation-fund.org/sites/default/files/AFB_12-Report.pdf)

out that there may be some inconsistencies, as project proponents would tend to submit projects that were not cost-effective, because they had requested for inadequate resources.

*Another option to be applied with respect to the 50% cap was presented by the CSOs in their talking points for the 18<sup>th</sup> meeting. This option is linked to the direct access debate, particularly to the question of how to facilitate the accreditation of more NIEs. Accordingly, the AF should consider as additional criterion for prioritisation, when project proposals in the pipeline have reached the same score, whether the MIEs are committed to assist the countries, on which behalf they implement the project to get their NIE accredited during the implementation time span. The status quo, that enables MIEs to further use the AF funds to carry out project without even trying to assist those countries to have their own institutions accredited, is no longer admissible. Of course, there is a conflict of interest when MIEs should help to set up those organisations, which are later supposed to substitute them. It remains however important to reiterate that such multilateral institutions will always exist and remain needed. There are diverse fields, where their expertises are irreplaceable. In this 21st century of pragmatism, these agencies are, however, well advised to redefine their strategies and broaden their expertise to accommodate them with the reality and needs of developing countries. In order to get a proper process of MIEs assisting the countries to get NIE accredited, it will be useful at least to organise a workshop, where MIEs could share their existing programme for NIEs in order to consolidate views and approaches in the same direction.*

*This process will be an interesting starting point to do so. At the time where the AF is exploring ways to co-exist with the GCF, the facilitation of such a workshop could be an additional feature that could enhance the uniqueness of the AF. There are several initiatives in this direction. The GIZ is assisting Indonesia, and CDKN is building the institutional capacity in Mozambique towards accreditation of the NIE. UNDP has assisted Mexico to get its NIE accredited. Also UNEP has set up a new process to facilitate the accreditation process in developing countries. All these initiatives are on voluntary basis and have been started upon request of developing countries. It is now time to formalise this and share the experience gained in order to ensure coherence. To this end, the AF could on the one hand apply this pipeline criteria. On the other hand, the AF could make the call for support and ask the CMP to request developed countries to provide funding for the organisation of such a workshop that could clarify how the MIEs could better support NIEs accreditation.*

*Another issue is related to the implementation of the conditionalities that have been bound with the accreditation of certain NIEs. This is so far important, because some of these conditionalities are not only related to additional reports to the AF by the NIEs but rather are dedicated to the improvement of the institutional set up within NIEs. Among these conditionalities, the AF has inter alia requested certain NIEs to set a zero-tolerance mechanism against corruption, but also to create a special unit that has strong expertise in the adaptation field. Since an accreditation will last for four years and because there is so far no mechanism in the AF Policies that ensures the full implementation of the conditionalities, it is important for the AF to consider how it could check and ensure the realization of its conditionalities.*

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

According to its terms of reference, the EFC is responsible for providing advice to the Board on issues of conflict of interest, ethics, finance and audit. The EFC also met for the first time in two days prior to the 18<sup>th</sup> meeting to discuss those issues that are assigned to its .

### 4.1 Investigative Procedures

This document deals with different procedures that could trigger an investigative procedure. This includes cases of misuses of the AF funds entrusted to the implementing entities (IE) and their executing entities (EE) by giving an overview of all decisions and applicable rules of the AF that could be used to prevent the AF from such a mismanagement. Since Germanwatch has been continuously reporting on this matter at the very beginning of the discussion at the 16<sup>th</sup> meeting of the AFB, this part will therefore mainly focus on the discussions held at this meeting that are relevant for the next steps.

The secretariat was requested to present for consideration to the EFC a proposed investigative procedure including the financial implication for the AF.

There was a long discussion on this matter where board members raised several questions. One of the information requested are related to the procedure that triggers investigation as well as the effects that could be applied should an implementing entity be found culpable of mismanagement. Also, the cost of the investigative procedure was subject of several questions.

In response to this clarification request, the secretariat presented a diagram that shows the procedure as well as the sources used to address or trigger the investigative procedure. One member proposed an in-depth explanation of the relationship between the investigative procedure and the national entities. He further stressed the need to inform the EFC as soon as mismanagement is being detected. Other members pointed out that in doing so the investigative function should also inform on the procedures to be applied to address the issues.

Another important issue that came out in the discussion was related to the legal means that could permit the AF to authorise at all an investigation. To deal with this legal issue, it was agreed to amend para 59 of the Operational Policy and Guidelines of the AF in order to have a strong language that would enable the investigation<sup>10</sup>. Regarding the potential consequences that may emerge from the investigation should mismanagement being found out, certain board members asked as how to get involved national institutions in the process.

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<sup>10</sup> Para 59 of the Operation Policies and Guidelines stipulate: The Board reserves the right to carry out independent reviews, evaluations or investigations of the projects and programmes as and when deemed necessary. The costs for such activities will be covered by the Fund. Lessons from evaluations will be considered by the PPRC when reviewing project/programme proposals. See para 59 of the Operation Policies and Guidelines.11 [http://adaptation-fund.org/sites/default/files/OPG%20Revised%204.4.12%20\(with%20annexes\).pdf](http://adaptation-fund.org/sites/default/files/OPG%20Revised%204.4.12%20(with%20annexes).pdf)

It is important to clarify that the investigative procedure should apply only to implementing and their executing entities and not to the AF secretariat. The secretariat is subject to the rules and investigatory procedure of the World Bank, while the World Bank in its quality as implementing entity could also be subject of investigation procedure of the AF.

After the discussion the AFB decided to request its secretariat to further revise the investigative procedure by taking into account the comment made during the meeting. Furthermore, the AFB requested its secretariat to develop the term of reference for the investigative consultant for consideration at the next EFC meeting. It was at the previous meeting agreed that a consultant will be the hired of two short term consultants (STCs), for an initial period of two years each.

## **4.2 Implementation of the 50% cap on MIE project approvals**

Since this matter has been presented under the PPRC report, we will only mention here the part that has been discussed in the EFC and their implications for the overall discussion on the 50% cap.

While the EFC explicitly is in favour of maintaining the 50% cap, the members of the EFC emphasised the need to quickly come up with a decision as how this 50% cap will be concretely be applied. In the discussion, some members were in favour of having a numerical threshold, while others advised to apply flexible political criteria that will be regularly re-evaluated by the EFC and the AFB, as suspension of submission of project submitted by MIEs may undermine the ongoing work of the implementing entities in the specific country. Furthermore, some members gave advice to keep a straightforward number of projects in the pipeline in order to avoid generating the prospect that the AF will be able to fund a large number of projects. To sum up, members agreed to apply a non-numerical approach based on discussions at future meetings, because of the dynamic and evolving nature of cap. The AFB requested in its decision the AF's secretariat and the trustee to provide a consolidated report on the status of funds available at every EFC meeting, which encompasses the overall allocation of funds and the projection on projects and programmes entering the pipeline. Depending on the information provided, the EFC will decide the best measure required to apply the cap and possible options to suspense the submission of projects.

## **4.3 Project Performance Report (PPR) review process**

Already at its 16<sup>th</sup> meeting, the AFB approved a reporting process and a project performance report (PPR) template<sup>11</sup>. It also requested the secretariat to develop a review process of the PPR and to establish a set of criteria for clearing PPR<sup>12</sup>.

The PPR template contains eight sections that encompass questions related to *Basic Data* (section 1) such as summary of milestones achieved to *Qualitative Questions and Lesson Learned* (section 8), which are open ended questions on adaptive management and meas-

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<sup>11</sup> Document AFB/EFC.7/4/Rev.2.

<sup>12</sup> Decision B.16/21

ure taken. Each section is scored. Noteworthy is that the score is not bound with the performance of the project itself, but whether it meets the report standard of the AF. The PPR is submitted by the IE usually on an annual and rolling basis – some projects may need to report more than once a year – from the project inception or launch until it completion the project.

At this meeting, the secretariat presented those criteria relevant for clearing PPR. The secretariat notified that since the disbursement of each tranche is linked with the clearance, it is important to get the AFB approval of the review process. This review process is designed to be transparent, uncomplicated and standardised. Although the PPR is not designed to detect misuses, it may however contain certain elements that could trigger an investigation. To this end, the review of the PPR contains both qualitative and quantitative checklist features that help to check the performance of projects. The PPR includes indicators and result trackers that are critical for the AF's Result Framework. The result tracker and its indicators are specific to the funds result framework and the developing state of the field of adaptation. This is also important for the AF's knowledge management, therefore the secretariat is of the view that the reporting requirements should contain provision of the list of any publications communications and media.

Finally, after the AFB members had shared their views on the substance of the PPR, the AFB decided to request the secretariat to review the PPR as outlined in the document with the view of completing the template.

#### ***4.4 Implementation of the code of conduct***

As its name shows, the Ethic and Finance Committee of the AFB is also in charge of ethical issues of the Board. In fulfilling this task, the EFC has formulated a code of conduct that regulates the behaviour of the AFB members with respect to critical issues of the fund.

According to the outcomes of the 17<sup>th</sup> meeting of the AFB, IEs were requested to refrain from any attempts for lobbying activities that may weaken the integrity and the work of the AFB members. Furthermore, the Board requested the secretariat to amend the code of conduct for its consideration at the 10<sup>th</sup> meeting of the EFC. In its attempt to issue this conclusion the secretariat was confronted with the lack of definition on what "lobbying activities" mean in the context of the AF as well as the procedural steps to be taken on to deal with such activities.

In the discussion, it came out clearly that a definition of lobbying activities is needed. However, some members sounded a note of caution to hold the definition as broad as possible. Also, it came out of the discussion the need to have a clear triggering mechanism that includes a clear sequence of the process.

Some other members argued that whatever happens, the Board members are supposed to be professional enough to recognise any attempts of lobbying. After the consideration of this matter, the AFB decided to firstly recognise the fact that the issue of lobbying is addressed under the code of conduct. It secondly requested its member to submit by 31 August 2012 their view on how to address any kind of lobbying. And finally the secretariat was requested to prepare by the 10<sup>th</sup> meeting of the EFC a document on the best implementation of the code of conduct.

## ***4.5 Implementing Entities Fee***

The discussion on this matter aims at responding to the question as how an accredited MIEs may act as its own Executing Entities (EE). Regarding this particular item, it was agreed in the discussion that there is a need to clarify the condition under which the IE could undertake the task of the EE. Also, the implementing entities could deal with the execution costs that are dedicated for the execution of the projects, while also receiving an implementation fees. Both questions have some legal implications that also need to be addressed.

The discussion arose from the project proposal of Myanmar in which the IE requested to undertake the execution part of the project. This is due – according to its explanation – to the fact that some countries may lack institutions that have the capacity to execute projects. In the discussion, some committee members requested that in such a case the IE and the Designated Authority (DA) should have to explain the rationale, why the execution of the project needs to be taken on by the IE. It also came out of the discussion that a clear division of labour and distinction between the IE and EE has paramount status for the AFB policies and guidelines.

After the consultation in the Board, the AFB decided to firstly confirm the division of labour between the IE and EE. The IE could then carry out execution activities, if this explicitly explained and requested, in a letter by the Designated Authority (DA) and IE to the AFB. This undertaking should be reflected in the budget of the full developed proposal. The AFB also requested the secretariat to communicate this decision to the DAs and IEs. It also requested the IE that is currently providing such tasks to review its portfolio of projects how the decision is put into action.

## 5 Financial status of the Adaptation Fund Trust

The Trustee reported to the EFC the status of the Adaptation Trust Fund, whose content has been both reported back by Germanwatch in its briefing paper prior to the meeting. This part will, thus, deal with relevant elements that come out in the discussion as well as the decision of the AFB on its financial status.

### 5.1 Fundraising Campaign and Strategy

The AF is concerned with the increasing demand of funding from developing countries parties to finance their concrete adaptation actions and with the decline in CERs prices (currently 4.37 Euro per tonne) from CDM from whose share of Proceeds monetization the AF is mainly financed. Therefore the AF has initiated on an experimental basis a fundraising campaign strategy in collaboration with the trustee that targets a mobilisation of US\$ 100 million by end of 2013<sup>13</sup>.

It is important to mention that the AFB also discussed about the proposals made by six organisations on different ways and options on how the AF could mobilise the targeted fund and beyond.

It came out of the discussion that most of the proposals are worth being followed up by the AF, however there was the clear recognition that much of them are beyond the mandate of the AFB. Therefore, these proposals are best placed to be discussed in other fora such under on the UNFCCC. This by no means implies that the other proposed options (such as the debt for Adaptation Swap<sup>14</sup>, Promissory Notes and Bonds, Water Fund, Adaptation Market Mechanism (AMM), Vulnerability Reduction Credits)<sup>15</sup> will not be further explored, but rather the AFB will discuss them when they are further developed or when it is for the purpose of this fund raising strategy deemed as appropriate.

At this meeting the Board members discussed the adequate role that the Secretariat could play in the in the fundraising strategy and to assess the viability of funding mechanism to contribute to the achievement of the AF set goal. For the time being, therefore the proposition of the secretariat to organise two workshops to reach out to foundations and philanthropic organisation in North America and in Europe as well as the dialogue with donors in the margins of the CMP 8 seem to be one of the simple options with the potential to deliver quickly concrete results. In the discussion regarding these planned workshops, some members asked after the financial implication of holding the two workshops. The Secretariat in its response indicated that the travel cost of the secretariat to the workshops are already included in the secretariat budget of the upcoming fiscal year and other costs that may come will be covered by the "Awareness Raising" cost in the budget of 2013

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<sup>13</sup> See Decision B.16/24 and Document AFB/EFC/8/6

<sup>14</sup> AFB/EFC.9/Inf.1: Options for a Fundraising Campaign and Strategy Institute for Global Environmental Strategies (IGES): Views and Inputs on Options for a Fundraising Strategy and Campaign for the Adaptation Fund p. 3

<sup>15</sup> All these options are contained in the document: Options for a Fundraising Campaign and Strategy: Call for Public Inputs - Compilation of Submissions [http://adaptation-fund.org/sites/default/files/AFB.EFC\\_9.Inf\\_1.Options%20for%20a%20fund%20raising%20campaign%20&%20strategy.pdf](http://adaptation-fund.org/sites/default/files/AFB.EFC_9.Inf_1.Options%20for%20a%20fund%20raising%20campaign%20&%20strategy.pdf)

The secretariat also presented the state of implementation of the partnership with the UN Foundation, which has been selected by the AFB to provide to the fund its facility and website to collect funding to the AF,

After a long discussion, the secretariat decided to proceed with any means and efforts necessary to reach out in the two workshops the much possible philanthropic organisations, including through informal contacts and consultations with relevant organisations. The secretariat has also been requested to submit to the AFB by no later than the 20<sup>th</sup> meeting of the AFB on the results of these workshops. In doing so, the secretariat should furthermore monitor the options proposed by the organisation in response to the call of proposal, should any opportunities arise. The secretariat should also organise during the CMP in Doha a dialogue with the donors.

## ***5.2 Financial Status of the Adaptation Fund Trust Fund***

The interim Trustee of the AFB, which is the IRBD of the World Bank, presented as usual the status of the Adaptation Trust Fund and the changes since the last AFB meeting. Noteworthy is the report 's format of the Trustee. The old one has been amended and contained for the first time estimates of potential resources until 2020, the asset mix of investment held and investment returns. Although the financial status of the AF for this meeting has been reported in our briefing paper prior to this reunion, it is important to recall the state of the fund held, so as the reader have a clear insight on the financial situation of the AF and the discussion taken in the AFB meeting.

Accordingly, the funds held in the AF Trust fund amount to US\$ 256 million. Out of this, US\$ 158 million are available for project/programmes. The Trustee has monetized 400,000 CERs during the previous quarter 2012 until end of March and has generated US\$ 2.31 million. Important is also to mention that the AF has signed a donation agreement with the UK and received GBP 10 million. This increases the total amount of government contributions to US\$ 119 million. Furthermore, the estimate of potential resources of the AF by end of 2012 is in the range of US\$ 205-244 million, which corresponds to a 10% increase over the previous estimate of the 17<sup>th</sup> meeting of the Board. The new estimate of the cumulative money generated from CERs price by 2020 – without additional contribution – will reach over US\$ 600 million.

The AFB welcomed the new report format of the trustee. However, the AFB members were of the view that despite the new format, it is important that the trustee complements it by separating the information on the planned amount of the future sales by quarter with the types of CERs sales per quarter.

## ***5.3 Administrative Budgets of the Board and Secretariat, and the trustee for the fiscal year 2013 (FY13)***

Also, the associated background document has been presented in the briefing paper to this meeting. Thus, we will therefore only address here the decision of the Board on this specific matter as well as key statements made by the Board member in the discussion.

The cost of the investigative function is not included in the budget for the next fiscal year since the discussion is still pending. Regarding the costs that may occur in the upcoming

year, it is important to mention, that while certain costs have fallen since the last fiscal year, those for translation will rise. This is due to the fact, that new publications, including meeting reports, communication materials and the handbook should have to be translated in all UN Languages. The trustee cost will represent a decrease of 18% to US\$ 1.044 million from the FY13 compared with the approved cost for the last FY12. This represents the sum of CERs monetization service US\$ 520,00 and US\$ 374,00 for all other trustee services plus the cost for the set up of an information technology. In addition to these costs the amount of US\$ 150.000 (approximately 3% of the total cost of US\$ 5 million for the whole cost of the Financial Intermediary Funds (FIFs) will be needed for the new Information Technology being implemented by the trustee for FIFs. The total cumulative cost of the trustee service represents 1.5% of the total cash proceeds received into the AF Trust Fund. The system should help tracking increasingly complex financial transactions and reporting, and program/pipeline and workflow between the secretariat and the trustee.

#### ***5.4 CERs Monetization – proposed amendment for the monetization guidelines***

Background to this matter was the request of the AF to its interim Trustee to propose how the AF could seal CERs directly to governments, including options for maximization of the price by paying due attention to principle of transparency.

The document, which served as basis for the discussion at the AFB meeting, advised an amendment of the CERs monetization<sup>16</sup>. Along this line, and during the discussion at the AF Board meeting, some AFB members pointed out the sale to government will only occur, if a premium is salable over the market price and therefore wondered whether this would not collide with the principle of inclusiveness of the CMP. There was a discussion among the AFB member as whether the seal should be restricted only to CERs emanating from industrial gas or should it be extended to other derives from hydro and Green CERs.

The Trustee in its explanation clarified that some countries may be hampered through the exiting policies to purchase CERs above the market price. Therefore, the AF is well advised to diversify the sale of CERs by opening the basket to larges volume of CERs.

Along this line, the members of the Board emphasised that the trustee should focus on the selling of those industrial gases, since the EU intends to stop purchasing this particular CER by end of 2013. The rationale behind is the fact that governments are compelled anyway to purchase CERs and would therefore buy CERs despite the premium.

Afterwards, the AFB approved the approach outlined in the document and to sell only these CERs that are earmarked as industrial gas and to amend the guideline for monetization accordingly. It further requested the Board to regularly share its experience in undertaking this sale and to optimize the benefits from the sales by using the three channels.

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<sup>16</sup> Direct CER Sales to Governments: Issues for Consideration and Required Amendments to the CER Monetization Guidelines [http://adaptation-fund.org/sites/default/files/AFB.EFC\\_9.9.Rev\\_2%20Direct%20CER%20Sales%20to%20Govts%20-%20Issues%20&%20Required%20Amendments.pdf](http://adaptation-fund.org/sites/default/files/AFB.EFC_9.9.Rev_2%20Direct%20CER%20Sales%20to%20Govts%20-%20Issues%20&%20Required%20Amendments.pdf)

## ***5.5 Budget of the Evaluation Function for the FY13***

The administrative budgets of the Board and secretariat, and the trustee for the fiscal year 2013 have been presented in the briefing paper to this meeting<sup>17</sup>. This part will deal with the decision taken by the Board on this matter as well as certain important elements that were mentioned during the consideration at the meeting.

Regarding the cost of the GEF Evaluation Office to which the AF has entrusted its evaluation function, AFB members were of the view not to separate the budget of the evaluation function at this early stage and to treat it in the same manner as cross support provided by the GEF Secretariat. In doing so, the AFB decided to approve US\$ 17,000 to cover the evaluation function for the FY13 as it is reflected in the annex 4 of the document.

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<sup>17</sup> [www.germanwatch.org/klima/af](http://www.germanwatch.org/klima/af) or See: FY13 Work Programme and Budget for the Evaluation Function. [http://adaptation-fund.org/sites/default/files/AFB.EFC\\_9.10%20FY2013%20Work%20Programme%20and%20Budget%20for%20the%20Evaluation%20Function.pdf](http://adaptation-fund.org/sites/default/files/AFB.EFC_9.10%20FY2013%20Work%20Programme%20and%20Budget%20for%20the%20Evaluation%20Function.pdf)

## **6 Other matters discussed in the EFC**

### ***6.1 Delay in the start up of the project of Eritrea***

The project of Eritrea has been approved by the AFB on 23 March 2011. It aims at adapting to climate change in water and agriculture in Anseba region in Eritrea. However, the implementation of the project has not yet commenced, because of the planning exercise within the Eritrean government. Upon request of Eritrea, the Board already extended the start up of the project twice between the 15<sup>th</sup> and 16<sup>th</sup> meeting of the AFB. As the extension was considered, some members expressed their concerns, whether such a long prolongation may not have some implications on the implementation of the projects. Questions such as whether the project could still be anchored in the Eritrea national strategy also need to be responded. Some other members wondered about the reason for this length of the delay.

After a discussion, the AFB decided to extend the starting up of the project up to 17 October 2012. This represents a prolongation of six months starting from the date of receiving the letter requesting the delay. It also made clear that the project could be cancelled, should the implementation not begin at this deadline. The AFB also requested the Designated Authority of Eritrea to submit at the next EFC meeting a detailed report, which includes an explanation on the need to modify the project document in accordance with the OPG for Parties to access to the AF funds.

The discussion on this matter drew the attention of the AFB members to ask after the state of implementation of other projects it is funding. Accordingly, the AFB requested the secretariat to provide information, when available on the implementation of the projects. In doing so, the AF secretariat should emphasize, where it is seen as appropriate, whether the projects still adhere to the AF OPG and agreed time line.

Other matters considered during the last AFB meeting were related to the disbursement of the second tranches of the approved projects in Honduras, Nicaragua, Solomon Island and Pakistan. In the following discussion, one AFB member raised the question as whether it is possible to access to information on how the funds for the above mentioned projects have been spent so far. The Secretariat explained that such information is only provided in the annual project performance report. So far, the Secretariat has at its disposal the inception report of the projects. However, these are not (yet) publicly available so little is known about the state of implementation.

The AFB approved the requested disbursement and requested the secretariat to present the revised version of the standard agreement aligning the annual performance report.

### ***6.2 Proposed upgrade of the secretariat manager's position***

Since the discussion on this matter was closed for CSOs, all information provided here on this matter emanated from the documents accessible at the AFB meeting.

A letter signed by the head of the GEF secretariat has been sent by the AF secretariat to the chair of the AFB requesting a proposed upgrade of the AFB secretariat manager's

position. According to the letter, the tasks and duties undertaken by the AF secretariat managers have been continuously increasing since it has taken office in 2009. The undisputed track record of the AF Secretariat is a proof of the good work done by the secretariat. It is therefore important to match the current level of responsibilities with the adequate upgrade as it is common practice in other funds. Thus, the letter requested to upgrade the manager from GG to GH level, which grade is held by all team leaders in GEF secretariat. This means that the costs for the salary of the manager (currently US\$ 213,752) would increase to US\$ 219,599, which represents an increase of US\$ 5,847 compared to the manager salary and US\$ 9,726 increase compare to the approved budget for the FY12.

The EFC discussed this request in its meeting. In the AFB meeting, members emphasized their satisfaction with the performance of the current manager of the AF and agreed with the upgrade of the manager as proposed above. It seems that the recommendation of the EFC on this matter has been approved by the AFB. This information could however not yet be confirmed.

## 7 Performance review of the AF

The review of the institutional arrangements has been a long standing issue that has started in Cancun (COP16) and was supposed to be closed in Durban (COP17). As the AF was established, two institutional arrangements – with the GEF providing the secretariat service and the World Bank acting as the Trustee of the AF – on an interim basis have been adopted. The CMP also agreed at CMP3 that this arrangement would be reviewed to ensure the effectiveness and adequacy of the services provided with the view to the CMP adopting an appropriate decision on this matter at its seventh session. In Durban the review could not be undertaken comprehensively, as the findings of the consultant in charge to carry out an independent review were published too late. Particularly the fact that the AFB members were not given the opportunities to share their view with respect to the conclusion of the consultants the review was delayed. The AFB was requested to submit its view on the findings for inclusion in an information document by March 2012 so as Parties could be able to start negotiating at the SBI in May in Bonn. However, the AFB was not able to provide this information prior to the SBI held in May in Bonn, since the Ad-hoc working group established to formulate this information had not closed its examination in order to formulate its conclusion. The SBI, therefore again invited the Adaptation Fund Board to make available in its report, to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) at its eighth session, its views on the report on the review of the interim arrangements of the Adaptation Fund by 13 August 2012.

Germanwatch has reported in its previous document on this matter in detail and has even prepared on behalf of the AF NGO network an analysis of the findings and the implications of the options outlined in the consultant's document<sup>18</sup>. Therefore, this part will only present the view of the AFB on the review, which will be submitted to the UNFCCC to be considered by the Parties to the KP in their deliberation to the CMP. It remains also to highlight that the deliberation was also made in closed session, so as this part only presents the recommendation of the ad hoc working group to the AFB.

### 7.1 Performance Review of the Trustee

By building the position of the AFB on the interim arrangement with the trustee, the ad-hoc working group set up for the review, attempted to answer several questions related to the work and performance of the trustee, that should guide the formulation of its view and conclusion on the future institutional arrangement.

Bearing in mind that the cost of the participation of the Trustee to the AFB meeting are amounting to US\$ 100,000 to US\$ 140,000, the ad-hoc working group **recommends to the trustee to make use of videoconference with the view of limiting the number of its representatives – ideally to reduce the number to one senior adviser – as much as possible so as to ensure that the participation be cost-effective.** The trustee should, when a large participation of its member is deemed as necessary, inform the AF. Furthermore, the trustee is requested to ensure internally the involvement of all staffs is granted before taking any decisions.

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<sup>18</sup> Performance Review of the Interim Arrangement of the Adaptation Fund: <http://germanwatch.org/de/download/3637.pdf>

*This decision was welcomed by the Trustee in its comment on the findings of the consultant. To come to this recommendation the AFB members asked few questions such as:*

- Who are the trustee staffs, who regularly attend the AFB meeting?
- Whether the member of the Bank's treasury department allocates half or more of its time for the AF?
- What kind of activities is undertaken by them for the AF? etc...

The answer of these questions allowed the AF to make the above mentioned recommendation.

It came out that the senior of the Trustee staff – supported by a junior and other back-office – is responsible for the CERs monetization. This staff performed the activities the trustee is entrusted with. The senior trader and the junior trader execute daily BluesNext trades independently.

Regarding the suggestion of the consultant **to verify whether the CERs held in the CDM share of proceeds are accurate, complete and received on time**, before the CERs is made available to the trustee for the monetization, **the AF is of the view that it has no reason to believe that there is a deficiency in fullness and correctness of the account for the Shared of Proceeds.** While AFB members agreed that this verification is neither covered in the Terms of Services of the Trustee or in the MoU with the Secretariat, it remains not clear what sort of reconciliation exercise is required, since the share of proceeds is transferred electronically, which allows to trace the route of the CERS forwarded to the AF. Nevertheless, the AFB is of the view **that additional reporting on the account could be carried out by the Trustee at any time through a written request of the AF and the cost of this verification will be covered through the trustee budget.**

## ***7.2 Regarding the institutional arrangement with the GEF providing the secretariat service***

The ad-hoc working group does not share the view of the consultant to concede to the Secretariat an oversight role over the operation of the trustee's activities. It recommends, thus, to the AF to maintain the current governance arrangement, which enables the trustee to have an oversight function over its activities while being accountable to the AFB.

Regarding the cross support and staffing requirements for the project reviews, the ad-working group noticed that some of the co-reviewers from the GEF's cross-support have no experience in reviewing the quality of the core review. In order to ensure the quality of the co-review provided by the GEF, the ad-hoc group recommended to the AFB to request the GEF to ensure that the co-reviewers have at least the same experience like the AF secretariat staff. GEF should hence inform the AF secretariat, when the number of project reviewers are insufficient compare to the number of project to be reviewed.

Regarding the proposal of the consultant that project concepts be endorsed by the AF secretariat, the ad-hoc working group suggested the AFB that the PPRC in its meeting should consider, to which extend it could delegate this task to the AF Secretariat.

With respect to the GEF cross support, the ad-hoc group advises the AF to continue the use of the cross cutting support of the GEF, as GEF has in some areas a high turnover. However, the GEF should inform the AF about any changes in the GEF staff providing cross cutting support. In addition this staff should prioritise the work for the AF appropriately alongside their GEF own work. In doing so, the ad-hoc group suggested the Board further considering how the AF secretariat manager could ensure the smooth implementation of the tasks undertaken by the GEF cross support with the view of avoiding any delay in the operation of the AF secretariat.

Regarding the GEF role as an interim secretariat, the ad-hoc group is of the view that it would be useful to explore more in depth all these situations in which some conflict of interest may raise.

Some other findings are pointed out in the document prepared for the ad hoc group to advise on the performance review of the secretariat. Although, these points have had no impact on the recommendation of the ad-hoc working group, they are worth mentioning, in order to give the reader some insight on the challenge the secretariat is faced in fulfilling its daily business.

For instance to the question why the quality of the AFB website is much lower than the GEF website? It came out that the lack of dedicated staff, who possesses required knowledge in content management has longer impacted the AFB website, not to be accurately updated. This function has been now delegated to the AF Secretariat member, who has the necessary skill and experience in the field. Given the huge range of information on the AF website, the management of the information is critical tool for the communication of the AF with stakeholders, it is therefore important to have a full time dedicated professional.

Also the questions related whether the GEF would use any information gathered or tools developed by the AFB secretariat for its accreditation process. Background to this question was the fact that the GEF has also started its own accreditation process and is tapping the lesson learnt by the AF secretariat. In the document, it is mentioned that the GEF accreditation process is a pilot one with the goal of accrediting 10 entities. Once this pilot phase is closed and the GEF council has agreed upon, the GEF will establish an automated system, including workflow.

To sum up, the recommendation of the ad-hoc group is a good middle ground between the findings of the consultant on the performance review and the comments made by both by the trustee and the secretariat. From the CSO perspective and views of CSO on the process, the ad-hoc group seems to have addressed some of elements that have been put forward in their talking points and other have been not addressed. However, the ad-hoc has made some good recommendations that will surely provide a good basis during the negotiation on the review in Doha.

## 8 Dialogue between the AFB and civil society

The AF pursued its interaction with CSO through the so-called CSO dialogue. The meeting took place on Monday, June 25 with a group of civil society organizations mainly representative of the AF NGO Network. For the first time the dialogue was live webcasted and other interested stakeholders followed the meeting via twitter and facebook.

The AF NGO Network is an independent network from the AFB, which has been initiated in 2010 by Germanwatch and other NGOs to track projects and NIE process in developing countries. To this meeting five partners Organisations Environmental Development Action in the Third World (Senegal); Fundacion Vida (Honduras); Panos Caribbean (Jamaica); Organisation des Femmes pour la gestion de l'Energie, de l'Environnement et la promotion de Développement Intégré (Benin); Indigo (South Africa) were present at the CSO dialogue.

The meeting started with an introduction of the AFB chair, Luis Santos from Uruguay, followed by a welcome and thank statement from Sven Harmeling (Germanwatch), who presented the partners and the key milestones achieved by the network since the last board meeting such as the organisation of a regional workshop for NGOs in Africa on how to make the AF works efficient for the most vulnerable people.

Afterwards, each of the partner from developing countries provided in a five minutes intervention the state of debate and development regarding the AF and its funded projects in their respective countries. This was followed by a question and response session. Interesting was a statement of one board member, who very much appreciate the input particularly the picture showing the infrastructure built through the project. He said that it is important for the Board members not only to discuss on paper about the project, but to have some clear pictures on what is actually going on in the project regions and the interventions of the partners have met his expectation.

In the second part, the AF network presented its talking points on key items to be discussed at the upcoming meeting. Alpha Kaloga presented the views of CSO on the fund raising strategy as well as the performance review of the institutional arrangement of the AF. This presentation was followed with a strategic interaction between the AFB members present at the Board meeting and the CSO on the strategic direction of the AF with respect to the GCF. Sven Harmeling discussed potential scenarios regarding the future relationship between the AF and the GCF.<sup>19</sup>

As usual, the CSO dialogue was an interesting exercise for both CSO and AFB members, which enabled a frank interaction among both stakeholders working or following the AFB. The report of this dialogue was also subject of discussion at the AFB meeting, where the chair once again expressed its thank for the constructive work being done by the CSO with regard to the AF.

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<sup>19</sup> see e.g. a recent article which also addresses this issue under:  
<http://www.dandc.eu/articles/220645/index.en.shtml>

## Germanwatch

Following the motto "Observing, Analysing, Acting", Germanwatch has been actively promoting North-South equity and the preservation of livelihoods since 1991. In doing so, we focus on the politics and economics of the North with 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 endeavour to approach our aims by advocating fair trade relations, responsible financial markets, compliance with human rights, and the prevention of dangerous climate change.

Germanwatch is funded by membership fees, donations, grants from the "Stiftung Zukunftsfähigkeit" (Foundation for Sustainability), and by grants from a number of other public and private donors.

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