

Climate Finance Advisory Service



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Daily Briefing

**26th Adaptation Fund Board Meeting
(17 March 2016)**

This is the Climate Finance Advisory Service (CFAS) Daily Briefing. Produced at key meetings and negotiations by the CFAS expert team, the Daily Briefings try to provide a concise, informative update on key discussions that have taken place at each day of the meeting and give an overview of substantive points of action or progress. Please note that this is an independent summary by CFAS and not officially mandated by the AF Board or Secretariat.

During the meetings, CFAS experts are available to provide advice to and answer specific questions for Board Members, Alternates and their advisers from developing countries. The CFAS team can be reached via cfas@germanwatch.org.

The CFAS Team

Summary from 17 March 2016

On Thursday, 17 March 2016, the Adaptation Fund Board (AFB) convened for its 27th meeting in Bonn, Germany. This was preceded by meetings of the two committees of the fund, the Ethics and Finance Committee and the Project and Programme Review Committee.

Opening of the Meeting and Report of the Secretariat and Chair

As is the custom at each first meeting of the year, the session started with the transition to the new Chair. The outgoing Chair Mr. Hans Olav Ibrekk (Norway) was succeeded by Mr. Naresh Sharma (Nepal). Mr. Michael Kracht (Germany) was nominated and elected as the new Vice-Chair.

After opening the meeting, the outgoing chair and the Secretariat reported on activities they had undertaken since the last AFB meeting. Inter alia, the Secretariat engaged in building and enhancing partnerships of the AF with other bodies of the Convention, in particular the Adaptation Committee and the Green Climate Fund (GCF), by participating as an observer at their meetings. The work of the outgoing chair was mostly related to COP21/CMP11, where he delivered the Report of the Adaptation Fund, held bilateral meetings with potential donors and attended various side events.

Report of the Accreditation Panel

As usual, the Accreditation Panel (AP) delivered its report to Board members and observers. For AFB 27, the AP concluded the review of two applications from National Implementing Entities (NIE). After short consultations in a closed session, the Board decided to accredit the 'Partnership for Governance Reform (Kemitraan)' from Indonesia and 'Dominican Institute of Integral Development (IDDI)' from the Dominican Republic. In addition, the AP reported that the intersessional period between the 26th and 27th AFB meeting resulted in the accreditation of the 'Ministry of Finance and Economic Development (MOFED)' of Ethiopia as NIE and the 'Caribbean Development Bank (CDB)' as RIE, as well as the re-accreditation of the International Fund for Agricultural Development (IFAD). With this, the number of accredited implementing entities increases to 41 - 23 NIEs, 6 RIEs and 12 MIEs.

Report of the Project and Programme Review Committee

After the Secretariat, the Project and Programme Review Committee (PPRC) delivered a report on the activities prior to the meeting. For the 27th meeting, 10 single country proposals have been submitted to the Secretariat by accredited implementing entities, with the total requested funding amounting to USD 70,590,698: 7 concepts (USD 47,729,459) and 3 fully-developed project proposals (USD 22,861,239). The Board approved four concepts - from Panama, Guinea-Bissau, Peru and Laos - and one fully-developed proposal from Peru.

In addition, the Secretariat also received eight regional proposals (six pre-concepts and two concepts) under its Pilot Programme for Regional Projects and Programmes, with for a total funding volume requested of USD 78,341,203. Following brief deliberations, the Board decided to endorse five project pre-concepts and one concept. In regard to the Pilot Programme, the Board also discussed a recommendation by the PPRC, which suggested a discontinuation of the call for new proposals under the Pilot Programme, in light of the high demand for the programme, which has already surpassed its available resources (USD 30 million). Some Board members felt it was premature to decide to discontinue the Pilot Programme, as the allocation of additional resources to the programme could also be an option to satisfy the high demand. Ultimately, the Board decided to defer the decision until tomorrow, requesting the Secretariat to revise the draft decision, taking into account the views expressed by the Board.

Dialogue with Civil Society Organizations

After lunch, the Board held its dialogue with civil society organizations. Members of the Adaptation Fund NGO Network (AFN) stressed the importance for the Fund to develop a Board policy on observer participation, as the practice of observer engagement in Board meetings is less interactive compared to other funds. Additionally, the members suggested that the decision of revising the country funding cap should balance fairness with reward for early adopters, concretely suggesting the raised country cap to be available only if a first project to the tune of USD 8 million is successfully implemented. The AFN reported on in-country implementation and showed the status of its project tracking in South Africa. Lastly, the AFN followed up to a request at AFB 26 to analyse project delays of AF projects. The

representative following his presentation announced that the AFN would compile their information in a submission to the Fund. Transparency International announced to repeat an analysis of the AF's transparency and anti-corruption policies in 2016, praising the development of the AFB since 2012 but also citing more advanced policies at the level of the Climate Investment Funds and the Green Climate Fund.

COP21/CMP11 Issues

The Deputy Executive Secretary of the UNFCCC, Mr. Richard Kinley, joined the Board for a brief session to discuss issues related to COP21/CMP11. Deliberating on the outcomes of the Paris COP, he highlighted that COP21 has set the direction for the coming years, putting in place the architecture to tackle climate challenges. For the AF, he characterised the Paris decision as "door openers", which can be exploited to secure a role for the Fund. He highlighted the comparative advantage of the AF in terms of being fully functional and being capable of delivering immediate adaptation results on the ground, which qualifies the AF as a key player to implement the Paris Agreement. In the context of finding a sustainable source of revenue for the AF, going beyond voluntary contributions by donor countries, he alluded to Article 6.6 of the Paris Agreement and the increased potential it provides for finding a market-based solution for the Fund, but also suggested that no prediction of the outcome of these discussions can be predicted at this point.

In addition to discussing COP21, the Board also discussed the process to prepare the Report of the Adaptation Fund to CMP12, which is due to be submitted by August 2016. Board Members were invited to provide inputs for the report by May 2016.

Report of the Ethics and Finance Committee

Before closing the meeting, the Ethics and Finance Committee (EFC) presented its report to the Board. Among the most important issues, the EFC reported on the second phase of the evaluation of the Fund. The main objective of this phase is to provide the Board with evaluative evidence on the progress towards the Fund's objectives as well as the main achievements and lessons learned from the implementation of the Fund's projects. Following a brief introduction by the EFC chair, the Board discussed on the process to determine terms of reference (ToRs) for conducting the second phase of the evaluation of the Fund. The Board decided to establish a task force to develop draft ToRs, which will be presented for the consideration by the AFB at its 28th meeting.

The Board also attended to the matter of adopting a fund-wide Gender Policy and Gender Action Plan. The Secretariat presented a revised proposal for a gender policy, incorporating the inputs received from Board members and interested stakeholders through a public call for comments, including an action plan for its implementation. Highlighting the importance of having such a policy, the Board decided to adopt the gender policy, requesting the Secretariat to amend the Fund's Operational Policies and Guidelines accordingly.

Other decisions taken by the Board in regard to the report by the EFC included the adoption of Fund's budgets for Board, the Secretariat and the Trustee for the fiscal year 2017.

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