

BRIEFING ON THE 13TH MEETING OF THE ADAPTATION FUND BOARD

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Summary:

From 17th to 18th March, the Adaptation Fund Board will convene for the first time this year at its 13th meeting in Bonn, Germany. 2011 marks the real start of the implementation phase of concrete adaptation projects under the Adaptation Fund with all challenges and expectations it spawns. On 16th March, the Board members will convene in their respective committees, the Ethics and Finance (EFC) and the Project Programme Review Committee (PPRC).

The discussion and potential approval of a number of concrete projects will be one of the main tasks of the AFB. Uruguay has submitted the second direct access project (after Senegal), endorsement of the concept will be discussed. Furthermore, fully-fledged projects from Ecuador, Eritrea, Solomon Islands and Tanzania will be considered, all submitted through Multilateral Implementing Entities. At the last meeting the Ecuador concept was endorsed, while the fully-fledged proposals from the other three countries were not approved and have been submitted now in a revised version. If all four projects would be approved, this would amount to ca. US\$ 30 million of funding decisions.

One of the main tasks of the EFC will be to progress on the overall evaluation work, on the AF level as well as on the project level. This includes the consideration of concrete guidelines for the implementing entities to follow in the evaluation. Since it is important to build in the evaluation in the project implementation as early as possible also on a conceptual basis, these are very important agenda items.

Main actions expected to be considered by the Project Programme Review Committee (PPRC) are inter alia to consider the five project proposals and to discuss further guidance on the elaboration of adaptation programmes (in contrast to projects). Of particular relevance to the public is the issue of transparency, meaning how much information will the AFB give to the public regarding concrete reasons for positive or negative project decisions. At the moment the AFB is pursuing a policy which basically keeps all information closed.

Reflecting the report of the Accreditation Panel, no further accreditation of a National Implementing Entity will happen at this meeting, leaving the number of direct access countries still at three (Senegal, Uruguay, Jamaica). A field visit undertaken by AP members to consolidate the application of one NIE did not solve all outstanding issues, so further questions remain.

The Board will start by the transition to the new chair and vice-chair and the new committee chairs. Of overall relevance is the revision of the key rules of the AF, the Operational Policies and Guidelines. Of particular interest to the public here is to strengthen the guidance by the AFB for how proponents are expected to hold and describe meaningful stakeholder consultations in the course of the project identification and implementation. So far, every country is following a different approach and the quality of many consultative processes remains questionable.

Furthermore, it is expected that the Board will consider the introduction of impact indicators in the selection of the projects to be approved, which is linked with the discussion on funding priorities. The proposed indicators aim at enabling the fund to allocate its resources as effective and equitable as possible and to integrating wealth, health, and environmental integrity safeguards, which surely would underscore the sustainability of the projects. Whether any decisions will be taken on this matter remains open.

This briefing paper will highlight and summarise the key issues on the agenda of the 13th meeting of the AFB, and outline some further actions to be taken by the Board

1 Report of the Accreditation Panel:

1.1 No further National Implementing Entity accreditation:

The Accreditation Panel (AP) of the Adaptation Fund Board has in charge to review accreditation applications for national implementing entities (NIEs), the key element in the AF's direct access approach, as well as for multilateral implementing entities (MIEs). The accreditation Panel will considered for this meeting two new applications of NIEs and one of MIE. It also reviewed a result of the field visit to one applicant countries as well as review two other applications, which were reviewed but need additional.

National Implementing Entity NIE 1: It was decided during the 12th meeting of the Board, that the NIE 1 was reasonable for an application as NIE. Therefore the Board decided to conduct a field visit to the country. However, the outcome of this field visit indicates that the procedures within the countries have certain short-coming of the application and in the fiduciary standard. **Thus, the Panel concluded not to accredit NIE (Recommendation AFB/AP.5/1).** It recommends, therefore the Board to instruct the secretariat to communicate the Accreditation Panel observations as contained in Annex I: These are inter alia:

- a) no internal audit function within the ministry;
- b) a large number of audit irregularities were observed on which virtually no action has been taken,
- c) Control framework is weak resulting, internal which is not able to prevent improper use of funds.
- d) System of project implementation is not adequately developed;
- e) The applicant has little experience of handling large projects, a fact observed by several of the multilateral and donor agencies also; etc....

National Implementing Entity NIE 2: The Panel decided also **not to accredit the NIE 2 (Recommendation AFB/AP.5/2).** The secretariat is instructed to forward to the Designated Authority the observation made by the Panel. The conclusions of the Panel are following:

- a) the applicant lacked policies and procedures needed to be used for project Management;
- b) no internal audit section/division/function available within the NIE;
- c) There is no demonstration of existence of a control framework which states the roles, responsibilities and financial authorities of the concerned staff;
- d) clear demonstration of how the procurement policy is effectively monitored or followed with regards to the donor funded projects;
- e) not provided sufficient documents to address the capacity in handling/overseeing the technical, financial, economic, social, environmental, and legal aspects of the projects..

National Implementing Entity NIE 3 and 4: The Panel **decided not to accredit the NIE 2** (Recommendation AFB/AP.5/3) as well as **NIE3** (Recommendation AFB/AP.5/4). However it decided that the applications are consistent enough to conduct a field visit in order to gather additional information for the accreditation. The decision also

request the Board to plan \$USD 22.000 for the field visit and to include them into the budget for the Accreditation Panel.

National Implementing Entity NIE 5: The Panel in its review found out that the application in its current form is weak on demonstration and providing evidence. The panel suggest that although additional document are needed, the field visit may be reasonable and will help to verify certain main issue.

Multilateral Implementing Entity MIE 1: The panel find out in its review that MIE1 application was strong enough to master the accreditation process. However additional documents are needed to prove the application of policies, which were not available while the Panel reviewed the application due to the technical difficulties. The full Panel will review the : An intercessional approval from the AFB for accreditation is request, when the review of the panel are fully satisfactory.

It is disappointing that again no further NIEs have been accredited and that the only MIE will likely be accredited soon. Although the Board was of the view that the application of NIEs was reasonable to conduct the field visit, in order to be subsequently accredited as NIE. The Panel was not in the position to recommend its accreditation. There were significant shortcomings in the application of the Fiduciary Standards.

The accreditation of the right institution able to meet the fiduciary standards of the Board remains a challenge towards capitalisation of the direct access. How to bridge the institutional gap in developing countries, in order to improve the accreditation in developing countries, remains one of the main task to be addressed by the Board.

Doing so, it was decided during the last Conference of the Parties to organise regional and sub regional workshop to understand the accreditation process as well as the fiduciary standards.

1.2 Regional Workshops on accreditation of NIEs

According to the decision of the CMP6, the UNFCCC secretariat in consultation with the AFB will conduct three or four regional and sub regional Workshop each six month in order to familiarize Parties with the process and requirements of accreditation of NIEs¹.

The purpose of the workshop is to help eligible developing countries to understand the accreditation process as well as the fiduciary standards with particular focus on management of the complete project cycle. Furthermore it should help the applicants to best apprehending the process of project design. On the other side, the workshop intends to give an insight in the Operational Policies and Guidelines of the Board as well as to provide inputs to participants on the capabilities.

Approximately 40-60 participants will attend the workshop, with a team of preferably 2 per country. In the best case, this people are the Designated Authorities of the countries DA and a High level officer from ministry of Environment, Planning or Finance, who was already involved in the nomination DA or a senior person from a NIE candidate, if NIE is already identified, who would be associated

¹ The workshops could be scheduled every 4 to 6 months (over the course of 2 years). The first will be planned during the summer of 2011. The second is targeted for October 2011.

An update of the application for accreditation advice to prioritise firstly should be Asia from where only 1 application has been received and none are accredited. The second priority could be Latin America and the Caribbean (2 applications reviewed by the AP, both accredited) and thereafter Africa (8 applications reviewed, 1 accreditation).

Each workshop will last 3 days. While in the first 1.5 days presentations and discussions will be held, the 2nd half day is intended for discussion in small groups. And the last day is reserved for one by one meeting, where countries could ask specific questions.

In order to ensure the effectiveness of one-on-one sessions the participants should be asked to prepare inter alia a) a short note on their expectations from the workshop and the one-on-one sessions in particular; b) delegates of countries, which of countries that do not have a NIE and the Designate Authorities should bring a one page rationale for which entity could be asked to fill the role of a NIE as well as a one page rationale for which government entity could be asked to fill the role of a DA.

2 Initial Screening /Technical Review of Project and Programme proposals

For the 13th meeting five projects have been submitted to the Fund. One is a project concept aiming at building resilience to climate change of vulnerable smallholders in Uruguay. It has been submitted through the National Innovation and Research Agency (ANII) accredited by the board as National Implementing Entity, and thereby is the second direct access project submitted.

In addition, four fully developed projects have been submitted through accredited Multilateral Implementing Entities. UNDP submitted two revised project applications for Eritrea and Solomon Islands² which were both considered as fully-developed project documents at the previous meeting of the Board but were not approved. UNEP submitted a fully-developed project document for Tanzania³, again a revised version. The World Food Programme submitted a fully-developed project document for Ecuador⁴, which was endorsed as a project concept by the Board in the previous meeting. The total requested funding of the submitted projects amounts to US\$ 36,668,335, including US\$2,550,577 or 7.0% in implementing entities' management fees⁵ and \$2,990,558 or 8.8%⁶ in execution costs. Interestingly, the NIE from Uruguay only demands 5% as a management fee, as opposed to the higher costs incurred by the MIEs (see table 1).

² The project of Solomon Island is about enhancing resilience of communities in Solomon Islands to the adverse effects of climate change in agriculture and food security, while the Project of Eritrea is called Climate Change Adaptation Programme in Water and Agriculture in Anseba Region, Eritrea

³ The Project from Tanzania proposes concrete adaptation measures to reduce vulnerability of Livelihood of coastal and lakeshore communities

⁴ The Ecuador project should enhance the resilience of communities to the adverse effects of climate change on food security, in Pichincha Province and the Jubones River basin.

⁵ 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

⁶ 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.

Table 1: Project proposals submitted to the 13th Adaptation Fund Board meeting

Country	IE	Size, USD	Stage	IE Fee, USD	IE Fee, %	Exec., USD	Exec. %
Uruguay	ANII	\$7,350,000	Concept	\$350,000	5.0%	\$400,000	5.7%
Ecuador	WFP	\$7,449,468	Full	\$487,348	7.0%	\$632,920	9.1%
Eritrea	UNDP	\$6,520,850	Full	\$510,850	8.5%	\$587,000	9.8%
Solomon Is.	UNDP	\$5,533,500	Full	\$433,500	8.5%	\$500,000	9.8%
Tanzania	UNEP	\$9,814,517	Full	\$768,879	8.5%	\$870,638	9.6%
Total		\$36,668,335		\$2,550,577		\$2,990,558	

Source: AFB/PPRC.4/3

In its technical screening the secretariat has first of all compared the funding requests for projects submitted by MIEs, whether the cumulative budget allocation for funding projects submitted by MIEs not exceed 50 per cent of the total funds available for funding decisions (**Decision B.12/9**). According to the Trustee report (AFB/EFC.4/10/Rev.2), the available funds amount to currently US\$ 210.8 million, if all full projects submitted for this meeting would be approved this would entail funding decisions of ca. USD 29.3 million, in addition to the already committed US\$ 23.72 million for the four projects approved so far. For the case the Fund will approve the current full developed proposals submitted by the MIEs, the cumulative decision would amount to US\$ 44.4 million for MIEs, which would represent ca. 21.1% of funds available to support funding decisions for MIE. The amount will be below the 50% barrier set by the Board.

Unfortunately, the secretariat has again not made available its recommendations to the PPRC regarding the project proposals. This policy pursued by the AFB makes it much more difficult for interested stakeholder within the projects countries as well as observers to objectively follow the pros and cons of approval/endorsement or not approval/not endorsement of projects. It remains unclear which project characteristics or weaknesses need to be treated confidential, and why there are reservations to defend them in a public debate, although the proponents expect to be funded in the order of several millions of dollars. However, the concrete implications of this policy change regarding the quality of the projects and also potential conflicts of interests can not be judged right now and will have to be observed. Nevertheless the Board should change this policy and at least provide some minimum information, in order to balance the need for confidentiality with the public interest.

3 Issues identified during the Technical Review Process

Under the agenda item Operational Policies and Guidelines (OPG) particularly the issue related to project and Program, the AFB decided at its 8th meeting, that a programme in contrast to the projects provides thorough proposals as well as a list of adaptation activities. In order to fairly review programme proposals, the AF secretariat seeks further

guidance. It recommends therefore to the Board to tighten the definition of programmes by example, the development objective⁷.

In para 11 of the OPG it says that *an adaptation programme is a process, a plan or an approach for addressing climate change impacts which are broader than the scope of an individual project*. Further guidance on how to present programs for approval can be found in the instructions accompanying the templates.

In order to better address this issue, the AF invites the Board to consider the following six options:

- Add a layer of criteria to programmes that clarify the added value of the presenting the project as a programme;
- Add additional questions at the end of the review template in which the proponent defines the linkage and added benefit of the different projects of programme;
- only add additional components to certain questions such as effectiveness;
- Request programme proposals to include an “outcome” plan which clarify how each project contributes to the outcome of the programme;
- separate programmes into “types” and tailor guidelines accordingly;
- Request information on how projects link to produce added value.

However, the discussion on the appropriate option should focus on the relation between each project and the programmatic goals of the programme (vertical) and amongst the project (horizontal).

Furthermore the differentiation programme vs project is interlinked to the ultimate goals of the Board, which is to finance concrete adaptation activities within projects and programmes. In para 10 of the OPG it says that “*a concrete adaptation project is defined as a set of activities aimed at addressing the adverse impacts of and risks posed by climate change....*”⁸ Furthermore in para 11 it says “*an adaptation programme is a process, a plan or an approach for addressing climate change impacts that is broader than the scope of an individual project*”.

The PPRC detected at its first meeting that the aforementioned definitions are too broad, and pointed out the necessity to set a specific definition of concreteness. Since the PPRC did not come to a conclusion and decided to reconsider the issues later, the secretariat has prepared a set of options, which is based on the discussion made and concerns raised. The proposed options are following:

Option 1: Clarification of eligible activities, which fall under concrete activities:

a) to set a list of activities eligible as concrete. This can be proponent and reviewer friendly, because it is easy to meet them; or to exclude some activities such as capacity building. The shortcoming in the approach is it is in contrast to the country driven principle of the AF, because it imposes or excludes categories of activities which might be important for some countries and relevant for the outcome of the project.

Option 2: Allocation of funding to concrete and non-concrete activities within an individual project or program. This option takes into account that almost all of the

⁷ In this case, when the development objectives address a single adaptation challenge one speaks about projects, but if they go beyond a single objective, e.g cross sectoral, the proposal can be submitted as a programme. [verstehe ich nicht wirklich, objectives und sectors sind nach meinem Verständnis sehr unterschiedliche Ebenen]

⁸ Furthermore in the para 10 of the OPG :....that Adaptation projects can be implemented at the community, national and transboundary level. Projects concern discrete activities with a collective objective(s) and concrete outcomes and outputs that are more narrowly defined in scope, space and time.

projects so far submitted have activities falling under non-concrete activities and suggest therefore to set a cap in form of a percentage of the project activity's budget. The PPRC may wish to recommend the Board to set up such a cap as well as a method to report the concreteness or not of a project or program.

Option 3: Establishing a flexible mechanism tailored to the countries circumstances: The PPRC may recommend the Board to establish a flexible mechanism, which allows a higher percentage for non concrete activities in countries requesting it and having a lower capacity to implement the project.

The Adaptation Fund is the only Fund under the Convention, which is designed to finance concrete project and programmes as its core activity. However, it is disappointing that only projects have been so far submitted⁹, The clarification and differentiation between project and programmes by example and development strategy is the right signal to the parties or groups of parties to also submit programme proposals: It will also give clarity and ease the job of the secretariat as well as of the PPRC in their review. Since the AFB is also considering the option of setting per-country caps of available finance (see section of initial funding priorities), in that case it would be an option to set higher caps for the submission of programmes, to set a financial incentive.

There is no clear definition of concrete adaptation in the climate regime, which allows different interpretations of the terms. However, it is important that the Board by considering this issue sets a flexible cap, which prioritises concrete activities as such and does not exclude in concrete activities by taking into account the specific circumstance of the proponents.

4 A Framework for Evaluation and proposed guidelines

Evaluation is the assessment of actual project impacts compared to the agreed strategic plans. It seeks evidence, whether a set target has been reached and how it was achieved. For the Fund the AFB has identified three strategic directions: the performance monitoring, the report system and the evaluation.

On the one hand, there is the Result Based Management (RMB) of the Fund, which was adopted at the AFB's 10th meeting and includes a Strategic Result Framework (STF). It sets certain indicators regarding goals and expected outcomes at the Fund level. The RMB aims at enhancing management effectiveness of the Fund and accountability by setting realistic goals. On the other hand, one has a monitoring system, which offers information whether the Fund is on track with the expected outcome through assimilating lessons learned and management decisions into the performance. Thirdly, the evaluation critically observes the first two elements regarding their validity, creditability, and reliability.

The present document (AFB/EFC.4/5) will be discussed and commented at the Ethics and Finance Committee meeting and forwarded to the Board for endorsement. Afterwards, the secretariat will be requested to draft a final version which mirrors all remarks made during the last meeting. It should explain the role and use of the evaluation for the AF as well as define the institutional framework within which the evaluation takes place. It also

⁹ This is due to the fact that there was no specific definition of programmes. For instance the project of Senegal targets three different regions (Joal, Rufisque, and Saly) and thus could be called a programme.

contains a report of the consultant hired by the board at its 9th meeting to develop a Communication Strategy (CS) to disseminate the work of the fund as well as to strengthen the dialogue with all interested stakeholders.

Evaluation is a systematic and objective assessment of an on-going or completed project, programme, or policy, its design, implementation and results¹⁰. It is an evidence-based information and different from audit or investigation, that are focused on adequacy and management controls. Three types of evaluation have been identified.

On the project level: all projects will provide an evaluation report of the implementation. In addition the Board reserves for itself the right to conduct and cover an evaluation whenever it deems it necessary. However, due to the long term nature of the impact of climate change, the Board should also consider to conduct an ex-post evaluation a few years after the implementation. This would be helpful, since the planned final execution takes place at latest nine months after the implementation.

Implementing Entities level: the board reserves itself the right to conduct an independent evaluation of the Entities, giving them six months to prepare themselves for such an evaluation.

Finally, an evaluation is also planned on the **Adaptation Fund Level** every three or four years to watch whether the progress of the Fund is in line with its overall objectives. Carrying this out would require the elaboration of more specific Terms of Reference.

A similar example is the initiated review of the institutional arrangements of the Fund adopted in Cancun. With respect to this review, stakeholders are requested to submit their view on the scope of this review by September 19th 2011. The review encompasses the interim institutional arrangement with the GEF providing the secretariat service and the World Bank acting as the Trustee. By this evaluation the Board with its committees and its secretariat have specific roles to play which have been more or less highlighted above.

Interesting is, however, the role played by the Ethic and Finance Committee which bears both monitoring and evaluation responsibilities of the performance of the Fund and the implementing entities by using both internal and external evaluations and reports as appropriate. The EFC is also in charge alerting the Board of financial irregularities or of material breach, and possibly to cancel or suspend the implementation of a project at any stage of the project cycle¹¹. It is expected that all funded projects submit yearly their report to the committee. Also, the Implementing Entities bear a crucial role in the evaluation of the project they implemented, which should be conducted according to the minimum requirements set by the Board. On the other hand the Project and Programmes Review Committee (PPRC) is also responsible for assisting the AFB in tasks related to the review of the project funded by the Board. According to the proposed evaluation guidelines, all evaluations should involve relevant stakeholders, including civil society, and take their views, concerns and experience into account.

¹⁰ Glossary of Key Terms in Evaluation and Results Based Management (OECD, 2010).

¹¹ Operational Policies and Guidelines p.21.

The evaluation function within the Board is conducted under certain principles following the best established practices. The major criteria used depend on what has been evaluated and what needs to be evaluated. These are in particular the following¹²:

- a) relevance or correspondence of the adaptation projects with the local and national sustainability strategy such as millennium development goals;
- b) Effectiveness: Did the Fund provide support to vulnerable developing countries, parties to the Kyoto Protocol, to take their own climate resilient measures?;
- c) Efficiency: A measurement of how economical the funds, expertise, time, etc provided by the AF have been converted into results;
- d) Impact: The positive/negative and unforeseen changes to, and effects produced by, the Adaptation Fund support, individually or at the aggregated level; and
- e) Sustainability: The likelihood that benefits will continue for an extended period of time after project completion.

At this stage of the discussion the AF has projected a minimum requirement regarding the evaluation only at the project level¹³. The other remaining evaluations will be addressed in the future. The set minimum requirements are listed in the document and should assess at the minimum the accomplishment of outcomes, including ratings and with particular considerations of achievements related to the proposed concrete adaptation measures.

Furthermore, the evaluation of adaptation activities should not be taken into account as a single picture given the complexity and cross-sectoral nature of adaptation measures. It should rather be linked to the applied evaluation systems as well as consider the scientific knowledge (for example, evaluations of adaptive capacity activities should be evaluated within the processes, methods and frameworks to evaluate capacity).

Adaptation activities funded by the AF should prevent the incidence of one external stress factor. However, most of such events are projected in 2020-2100, after the terminal evaluation has been undertaken. Furthermore, there are no international standards or norms established for a good evaluation, given the complexity and cross-sectoral nature of adaptation measures. On the other hand, it remains difficult to assess the success of one project, when no impact takes place. It remains therefore a big challenge to find the right time for the evaluation. It will be helpful, if the Board considers to conduct at least two evaluation systems:

- a) *one in a mid-term, to assess whether the implementation is on track with its objective, in order to undertake earlier when deemed necessary the change to ensure the meeting of the objectives, and*
- b) *a terminal evaluation in two tranches: the first according to the OPG to measure improvement in adaptive capacity, and the second likely five years or so after the first part of the terminal evaluation, which can evaluate the sustainability but also the effectiveness in terms and vulnerability reduction.*
- c) *Interestingly, some of the already approved projects have included a mid-term evaluation, although it is not prescribed by the rules of the AFB, which is a good indicator that the need for such evaluations is undisputed (see e.g. the projects in Honduras and Senegal).*

¹² AFB/EFC.4/5 Evaluation Framework pp. 11-12

¹³ AFB/EFC.4/5 Evaluation Framework p 31

4.1 Performance Report Guidance Document to the Project Performance Report Template (PPRT):

On the way towards a Result Based Management (RMB), the Board requested the secretariat “to develop a practical guide or manual on how project baselines and project results frameworks may be prepared.” The secretariat engaged a consultant, who developed a document called the *Project Level Results Framework and Baseline Guidance*. This document has been reviewed by the Board, who decided at its 12 th meeting, inter alia to:

- (a) *Invite technical comments on the guidance, which should be sent to the secretariat and taken into consideration by February 14, 2011,*
- (b) *Instruct the secretariat to have the document finalized by the thirteenth Board meeting (March 2011); ...*

Technical guidance from one Board member titled *Introduction of impact indicators and ideas for their further utilization (attached here as Annex A)* was provided. The annex made by Anton Hilber, Alternate Member, WEOG, lists three impact indicators for assessment of impacts of the AF projects and programmes. The Ethics and Finance Committee EFC is asked to consider discussing the specific elements of the proposal and present recommendations on the proposal to the Board.

Since the Result based Management has been closely reported in our previous briefings and reports, this part is focused on the Annex technical guidance as add value to the rest of document. See: www.germanwatch.org/klima/af.

The Introduction of impact indicators and ideas for their further utilization could help the Board to capitalise its mandate in tangible results, in order to enable allocation of the resource of the fund in a balanced and equitable manner by improving learning and accountability. The purpose of developing and implementing the suggested approach is to provide an objective method of determining impact effectiveness of adaptation actions proposed by implementing entities.¹⁴

The submission accordingly suggests an approach for pre-estimating and monitoring **three impact indicators** for assessment of impacts of the AF projects and programmes which are:

Saved Wealth (SW): It includes both economic and vulnerability indicators, which in turn are measured by a mixed index of absolute and relative levels of wealth savings due to decrease of climate change impacts during the project. On its basis, and on the basis of a frequency distribution of climate-change induced events, the wealth that would be lost due to climate change in the absence of the adaptation project can be calculated.¹⁵

Saved Health (SH): It applies to the reduction of direct climate change impacts on people’s health by the adaptation project and is estimated using an established method from the health sector, the Disability Adjusted Life Years saved (DALYs). The tool of assessing is the standard life expectancy, and different types of disability / illness get different weights.

¹⁴ AFB/EFC.4/4: Performance Report Guidance Document to the Project Performance Report Template (PPRT): ANNEX A: Introduction of Impact Indicators; p.29

¹⁵ i.bd p.32

Environmental Benefits (EB): as the third indicator takes into account such environmental benefits that are not considered in the Saved Wealth (SW).

The Document contains further explanation of the indicators with illustrative examples. The document suggests further indicators could be used, for the selection and payment procedure of projects. In light of lack of funding, it is indispensable to apply the impact efficiency for the selection of project to be funded. Because the first come – first serve approach is neither in line with the set of criteria provided in the Operational Policies and Guidelines for Parties to Access Resources from the Adaptation Fund nor with the Strategic Priorities set by the CMP¹⁶. The selection procedure could be as follows:

AF Budget: In regular intervals (6 or 12 months), the AFB specifies a budget tranche available for disbursement.

Call for Proposals: The AF issues a call for projects with a deadline, notifying the available budget

.Project Proposal Ranking: The project proposals received are ranked as per their contribution to the impact indicators per \$ of funding requested, with the indicators Saved Wealth and Saved Health weighted 50% each on the basis of the averages achieved for the entire project sample. Projects that have negative environmental benefits would have to provide compensation.

Short-listing Project Proposals: are selected for funding starting from the most highly ranked, until sufficient projects have been selected to disburse the available budget tranche.

In case a country cap for budget allocation is reached during the ranking process, the projects that would lead to an exceedance of the budget will be declared ineligible for funding and the next highest ranked projects below the disbursement threshold be substituted for the ineligible ones, until sufficient projects have been selected to disburse the available budget. The ineligible projects should be forwarded to other funders.

This selection procedure is linked with the initial funding priorities discussion. These indicators aim at enabling the fund to allocate its resources as equitable as possible and to integrating wealth, health, and environmental integrity safeguard, which surely underscore the sustainability of the projects.

The submission indeed provides an interesting proposal for taking a stronger look at the actual impacts and benefits of a project. However, the Board should also exercise careful that it remains accessible to the low capable countries to accurately and timely provide all those information answering the indicators, in order to be selected for funding.

4.2 Guideline for Project Final Evaluation (PFE)

The Operational Policies and Guidelines (OPG) in its § 49 stipulates that “*all regular projects/programmes that complete the implementation will be subject to terminal evaluation by an independent evaluator selected by the Implementing Entity*”. This guideline has been partially addressed by the Board at its tenth meeting through the

approval of the approach to implementing Results Based Management (RBM)¹⁷, because several issues have not been addressed. Questions remain such as how this evaluation of risk should be undertaken in order to ensure sustainability of the project, and which links exist between evaluations, monitoring and result based management? The question as to how one should proceed to evaluate whether the project has reached the pre-defined objectives and targets still remain unanswered.

The present draft document on the guidelines for the final evaluation has been prepared upon request of the secretariat by the GEF evaluation office to be presented to the Ethic and Finance Committee (EFC) for consideration. Afterwards, the EFC will review and recommend the Board to comment and endorse the below summarised draft.

In this document it is acknowledged that the evaluation will be undertaken under certain principles, to which the AF is subscribed and which are contained in the AF Evaluation Framework. In addition, the evaluation should deliver a broad and logical description of the results in the design and implementation of the project. It should therefore inter alia: (a) promote the transparency and accountability and (b) organize and synthesize experiences and lessons that help to enhance the selection, design and implementation of the future project funded by the fund.

The present document should help Implementing Entities, when performing and managing the final evaluation through independent evaluators. It contains three sections as following

4.2.1 Responsibilities for conducting the Adaptation Fund evaluation:

The Implementing Entities (IE) are obliged to conduct an evaluation after the project completion through independent evaluators, which are unbiased and experienced in the field of evaluation. The evaluators should be knowledgeable about the OPG of the Fund and relevant guidelines on the project life cycle. The report should be submitted to the secretariat as well as a copy to the designated authority. The evaluation should include comments of relevant stakeholders of the project, and their view will be mirrored in the final evaluation documents.

4.2.2 Scope of Final Evaluation:

The final evaluation should assess all relevant dimensions relating to the project, which encompass general and certain specific information related to the project. It should include field visits to determine the outcomes as well as the perception of the relevant stakeholders thereon. Basically, the AF is interested in the long-term impact of its funded project on the livelihood of the targeted people and ecosystems. However, it is important to bear in mind that the scope of evaluation could be limited due to the nature of the adaptation project as well as the uncertainties of the impacts of climate change. Thus, it is suggested that the scope of the evaluation should be focused on tangible short term goals, although the evaluators are requested to take into account long-term goals wherever it is deemed suitable.

During the evaluation, the evaluator should assess whether the achievement of outcomes and risks to sustainability of outcomes and linkages towards impacts have been met. This means to assess the sustainability of the project which requires the evaluation of four

¹⁶ Operational Policies and Guidelines for Parties to Access Resources from the Adaptation Fund: Paragraph 16 clearly refers to decisions on the allocation of resources of the Fund by saying that ‘the AF shall take into account the criteria outlined in the Strategic Priorities adopted by the CMP

¹⁷ AFB/EFC.1/3/Rev.1. An Approach to Implement Results Based Management – RBM (June, 2010)

dimensions of risk to sustainability. Financial and economic, social and economic, institutional and governance, and environmental risks as well as uncertainties regarding the climate change impact need to be addressed. Each of the above dimensions of risks to sustainability and linkages towards impacts and goals of project/programme outcomes will be rated based on an overall evaluation of the likelihood and magnitude of the potential effect of the risks considered within that dimension.

In addition, it is important that the processes influencing the achievement of project/programme results are evaluated, not to provide ratings, but rather for its consideration in the performance and results part of the report. Several questions related to the whole project from its identification until the last implementation steps should be answered and rated¹⁸. Doing so one can gather information and collect lessons learnt within the AF and also on the project itself. Furthermore, the final evaluation should measure the quality of the monitoring and evaluation plan towards achievement of the project outcomes. It should therefore provide information on the lessons, recommendations and conclusions on all aspects of the project they consider as relevant. Based on the findings of empirical data gathered and analyzed, the evaluator should prioritise those factors that supplied and prevented the achievement of the purpose of the project.

4.2.3 Criteria for rating quality of final evaluation reports:

These parts contain certain criteria that the Ethic and Finance Committee (EFC) and the Board may use to assess the overall quality of the report. The criteria will be controlled by means of numerous questions which help to measure the quality of the final evaluation.

Indeed, a guideline for Project Final Evaluation is needed to measure whether the project implemented has met its set goals: It should help, on the one hand, to gain important information to be fed into the Fund as well as to serve as reference for other projects to be implemented. Although the evaluation of the long-term impact of the funded project is difficult due to the uncertainty of climate change, the rating of all evaluation undertaken can provide crucial advice on the relevance, effectiveness, efficiency, direction as well as the quality of the project.

However, the Board should in its considerations take into account to explore possibilities how the evaluation could be undertaken in the long-term. This could be a crucial input, which can not only provide information on the adaptive capacity of the project communities, but also advise how the board could better design its review criteria in order to ensure that the people would be able to cope with the projected impact.

¹⁸ There are interesting questions which could provide information on the Evaluation Process influencing achievement of project results. This question catalogue addresses issues related to the a) Preparation and readiness; b) Country ownership; c) Stakeholder involvement, d) financing planning e) Implementing Entity supervision and backstopping and delays of the sustainability.

5 Analysis of current rules and comparison of practices with other Funds regarding the Administrative and Execution cost:

The executive and administrative costs by the Implementing Entities (IE) related to the management of the project have been discussed several times within the AFB. After having introduced a uniform cap of 8.5% for management fees, several members of the Board recognised during the 12th meeting that the executive cost has not been adequately itemized. In addition, the administrative costs submitted are highly variable from IE to IE, and some of this cost adds up to 20% of the granted money.

Upon request of the Board, the Secretariat undertook a desk study analysing the approaches on administrative costs applied by other funds. It also aims to harmonize and clarify all the themes used to qualify administrative costs. However, the AFB has identified categories of project related cost, which can be covered by the Fund:

Project Formulation Grant (PFG): The PFG aims to support Implementing Entities by covering their costs related to the development of project proposals: A funding of up to USD 30,000 USD has been initiated to support formulation costs incurred by National Implementing Entities (NIE). This amount should, however, be included in the 8.5% management fee cap and will be reconsidered after three years (Decision B.12/28). However, there is no uniform category of activities to be covered by the fund as management fee pertaining to the implementation of projects. Hence, since each of the IE has identified different groups of activities to be funded through project formulation grants, there is an imminent need to standardize activities which the AF should cover or not.

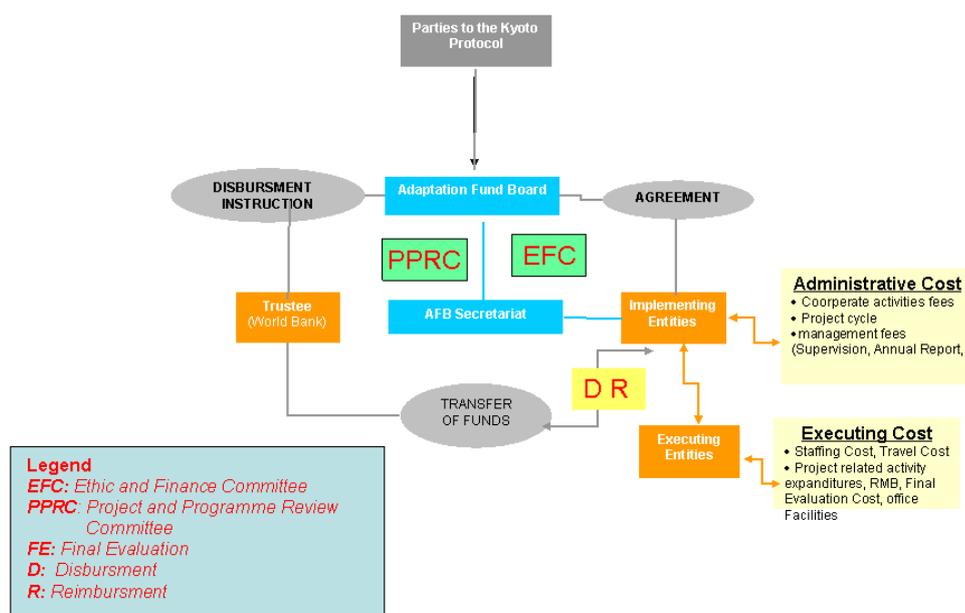


Figure 1: Own developed figure on governance structure of the Adaptation Fund¹⁹

Also, there is no specific guideline in the OPG of the AFB on which specific activities to be covered, apart from some references mentioned in the project template, which claim a demand for relationship among activities, concrete output and corresponding budget. Also, there is no uniformity regarding the project execution costs, which are defined in the OPG as the main items supported by the Adaptation Fund for project management including consultant services, travel and office facilities. Therefore, in order to set a breakdown in this matter, the OPG should specifically define and clarify which costs can be considered as executing costs, or in contrast which should be addressed as part of the project cycle management fee. The AFB document suggests the following differentiation:

The project formulation grant, to help Implementing Entities cover their expenses related to the development of their project proposals;

The project activities budget, to cover for expenses related to the activities of the project aimed at achieving its outcomes;

The project execution costs, which are defined as the main items supported by the Adaptation Fund for project management including consultant services, travel and office facilities, etc.

The project cycle management fees, requested by Implementing Entities for project cycle management services.

Furthermore the document exercises comparison with practices of other funds such as the Global Environmental Facilities (GEF), The Multilateral Fund for the implementation of the Montreal Protocol (MLF), the Global Fund to fight Aids Tuberculosis and Malaria (GF) as well as The Global Alliance for Vaccination and Immunisation (GAVI).

The **GEF** has adopted a flat fee 10% for project management services enveloping -(i) 1% yearly corporate fee and (ii) 9% for agency fees- of the total of the project grant as well as set a rule, in which the execution cost should be 20% of the overall project financing²⁰.

Because of the nature of the **MLF**²¹, there was no need for execution cost or to setup a project management unit. However a cost between 10% up to seldom 20% has been allocated on a case-by-case basis, because the hands-on management in the countries was seen as the most beneficial and cost effective implementation method. In addition the MLF provides different (i) annual core unit²² budgets to its implementing entities and bilateral agency, to cover up costs related to project administration, as well as (ii) project management fees²³.

¹⁹ Figure 1 p.11 on the governance structure of the Multilateral Fund and the Adaptation Fund see AFB/EFC.4/7 p.11

²⁰ The ratio of the GEF project grant to total financing is 1:5, then the GEF execution costs should be 20% of the total execution costs

²¹ The MLF mostly funds investment in equipment for phasing out of ozone depleting substances (ODS) and training of beneficiaries (ex. farmers, industries...)

²² Core unit is defined as amount provided by a Fund (e.g. MLF, Global Fund) to its Implementing Entities for them to cover their costs related to project administration, including staff costs, travel, office space and equipment...)

²³ . For bilateral agencies, which do not receive core unit funding, overheads of 13% are provided for projects below US \$500,000 and 7.5% for projects above that amount

On the other hand, the **Global fund (GF)** works with an institutionally more complex implementing entity approach. The GF allocates its administrative fees to three different types of institutions:

- the Country Coordinating Mechanisms (CCM) which are multi-stakeholder bodies responsible for the submission of applications and the overall oversight of implementation;
- the Principal Recipient (PR), which receives the resources from the GF and disburses them to those executing the projects, and
- Local Fund Agents (LFA) which have the role to independently oversee and verify the performance of the PR.

Regarding the execution fee, there is no rule or rate for allocation of money.

The **GAVI** uses no management unit since it offers Immunisation Services Support (ISS) and New and underused Vaccines Support (NVS). Nonetheless, in case of support the allocation to the management fee will be carried out under exceptional justified conditions. In addition the GAVI applies different approaches to provide execution costs to civil society organisations, if it decides to allocate an execution cost, which should be less than 10%.

The Climate Investment Funds under the World Bank (CIF) sees no specific cap on program execution costs, which are flexible and left to the discretion of the MDB. With respect to the administrative costs, the Trust Fund Committee of the CIF provides a kind of compensation to its six Multilateral Banks to cover up activities related to CIF activities and operations.

The conclusion of the comparison reveals that there is a heterogeneity of activities covered by the fees, which could be differentiated in several categories depending on the fund. The document also pointed out the similarity between the AF and the MLF in terms of governance, while its project cycle resembles to that of the GEF, but is a bit shorter and the allocation occurs at latest nine months after the approval of the project. However, although the AF has not yet finalised the issue of execution cost, given the similarity of both Funds it would be rational to set a cap between 9-10%. The breakdown of the costs - almost 20% (IE management fees plus execution cost) of the total AF project grant - allocated by other funds for related activities show that the amounts are not too extreme, or even unreasonable. It is important to maintain this fee in balance in comparison to the magnitude of the project activities. Even if the fee requested is less than the aforementioned percentage, the IE could use the rest to enhance project development, implementation, evaluation and monitoring. Otherwise, a reduction of this fee could negatively impact the overall results of the project:

The document therefore suggests to introduce a cap between 9-10% for execution costs. However, for the case, that the IE acts simultaneously as executing entity, this sum can be reduced. Furthermore, it is also recommended to provide more guidance - through developing a standardized template table for project execution costs - to the project proponents on the submission of project budget. In other words, this means, that it is necessary to harmonize and define which kind of activities could be seen as execution cost or management fee. Also, it becomes necessary to clarify in the OPG, whether the mid-term evaluation is covered by the execution costs.

6 Implementation of the Communication and Outreach Strategy (CS) around the AF

Several activities have been undertaken during the last year since the signature of the statement of work with the consultant to develop a Communication Strategy (CS) that was presented at the 11th meeting of the AFB. Subsequently the Board considered in particular the tools to help out the Board in its outreach efforts.

Thus, the Consultant Edelman convened a *messaging workshop*, which assesses the pros and cons to engage in further audiences. Based on the identified messaging, Edelman developed a tool kit enclosing tailored materials for all kinds of addressees to be distributed during each event organised by the Fund. This tool kit contains a fact sheet of the Adaptation fund, which will be matched with the content of the website in frame of an extensive review of the current website. Edelman also supported the Chair of the Fund as the spokesperson of the AF through supplying him with key messages for interviews and discussions. In addition it also assisted the AF secretariat by the preparation and organisation of the side event and other outreach works during the conference of the parties in Cancun.

Edelman indicated that after the milestone set last year, one assumes that the Board is now well suited to present itself as new model for international financing, if the AF manages not to sit back after the success in Cancun. And further also, if it manages to build strategy action plans that build on the momentum through setting a smart strategy. This strategy should enable the fund to present its feature through clear suitable messages for different audiences.

The consultant pointed out the need to capitalize the change of leadership. Anna Fornells de Furtos as new chair should be well prepared through media training and desk side briefing for her outreach statement and message. Through a well thought leadership, the AF can enhance its credibility as well as its position as a central institution for adaptation financing. Also, Edelman further encourages the Board to hold conversation with civil society, particularly those from potential donor countries, which should later act as its ambassador. Furthermore, the AF should work on its advocacy work through targeted press releases to draw attention on the progress made, for instance the funding of projects for the accreditation of further NIEs.

The examination of the Adaptation Fund revealed that the message of the Fund is too technical like those used by other funds. Edelman advises the Fund not only to draw attention to the broad audiences, but also to ensure that they really understand the messages they vehicle. It should therefore use clear concise, jargon free messages, which are comprehensible for every layperson. Doing so, the Fund should tell stories of targeted people in its project countries, emphasizing its innovative features as well as its unique method to address the need of the developing countries.

Accordingly, Edelman has designed a messaging structure, which differentiates between **Pillar Messages** and **Positioning Statement**²⁴. Both of them will be packed in two different boxes of arguments and messages targeting on the one side developed countries and the other side developing countries.

²⁴ AFB/B.13/5: Report on the implementation of the Communication Strategy

The Positioning Statement is the basis of the AF messaging platform, which offers a strong, poignant overview of the purpose of the organization, why the organization is important and highlights key issues. Pillar Messages are proof points, which target key issues pertaining to the impacts of climate change and the value of direct access as well as its innovative features.

Thus, the present document provides a package of concrete messages with clear arguments on key features and policies of the fund. This messaging structure should on the one hand alleviate the fear of some, and on the other hand encourage and appease some donors. Noteworthy is the annex to the document which capitalises all the suggestions made in the documents through a short background as well as an explanation of what the Fund represents in almost jargon free language.

The Communication Strategy is definitely needed and will undoubtedly help the Fund. It is crucial in helping developing countries to adapt to the adverse impact of climate changes caused by the wealthy nations. Through a thought leadership, the AF can advocate with truth to raise awareness as well as to convince the industrial nations to scale up funding for the AF. Furthermore the nomination of Anna Fornells de Furtos from Spain as the chair of the Fund may help to increase the gender profile of the Fund and address this issue which is of concern to many observers more consistently.

7 A needed breakdown in the Initial Funding Priorities of the AFB

Agreeing on Initial Funding Priorities (IFP) of the Fund has been under discussion since several AFB meetings. Germanwatch has since then diligently reported in its briefings and reports on the Adaptation Fund Board meeting. Therefore, this part will highlight only key elements pertaining to the initial funding. If the readers wish to know more about this item, Germanwatch would appreciate them viewing our reports since the 8th meeting on our website.

One of the main challenges of the AF is how to divide up the limited resources among the 149 eligible parties. The IFP addresses an important, but also controversial issue to the climate debate, namely the identification of the countries particularly vulnerable to the negative effects of climate change. As a reminder, the board is confronted with the problem how to balance an amount of currently available resources of USD 211.88 million as of January 31, 2011, among a growing number of applicants. It does not only want to finance small projects, but also larger-scale programmes. According to this, the Secretariat of the AFB prepared the present document upon the request of the Board, which reflects both the discussion in the Board on the first draft of the (IFP) and sees four basic options:

Option 1) the introduction of a uniform cap per country;

Option 2) issuing variable caps taking into account the specific circumstances of certain groups of countries such as Least Developed Countries LDC, Small Island Developing States SIDS and Africa;

Option 3) introducing variable caps taking into account the specific circumstances of each country;

and Option 4) and a prioritisation among projects²⁵.

The discussion in this matter is still ongoing and far from finished. However, it will be helpful during this meeting to supply some concrete information relative to the most vulnerable communities not within the countries as such, but rather explicitly in the project regions, when the Board considers option 4). Thereby it can also address the strategic priority of the AF to give special attention to the particular needs of the most vulnerable communities. This could be for example indicators like numbers of people suffering losses from extreme weather events, percentage of households and communities having more secure (increased) access to livelihood assets etc. This is relevant and important for baseline data information and measuring. Furthermore the indicator could also introduce the level of inclusion of targeted community as well as identify inputs and needs arising from vulnerable community, which directly are reflected in the proposal and are measurable in the implementation process.

8 Revision of the Operational Policies and Guidelines (OPG) and related Guideline and Template

The OPG is the key document with regard to how Parties can apply for funds for adaptation projects and programs, how the project cycle works, what the accreditation of National Implementing Entities requires etc...²⁶ At its 12th meeting the Board requested its secretariat to present a primarily draft of revision of the OPG, which takes into account potential decisions and amendments raised over the past months.

Accordingly the secretariat has identified three categories of proposed amendment, which are

8.1 *The decisions already adopted by the Board that amend the OPG are:*

- The entry into force of the legal capacity of Germany on the AF (*Decision B.7-8/1, decision 4/CMP.5*);
- the possibilities for the Multilateral Entities to resubmit their accreditation applications (*Decision B.11/2*);
- the addition of the amount for funding of the project to the available fund by non signature of the standard legal agreement by the implementing entities in new para 50 (*Decision B.11/14 (c)*);
- the introduction of the cap on implementing entity fees and budgets on fee use (*Decision B.11/16*);
- deleting the footnote 8 referring to the accreditation of ministries as NIE²⁷ (*Decision B.12/6*);
- A new paragraph 68 is proposed and the former section “management fees” would be renamed “administrative costs” to encompass all these categories of project costs (*Decision B.12/7*);

²⁵ All these have been detailed reported in our Briefing and Report on the AFB meeting since the 8th meeting see www.germanwatch.org/klima/af

¹ ²⁶ Harmeling and Kaloga (2010): ECBI: Adaptation Fund under the KP Mature for concrete implementation of projects and direct access

²⁷ Face to the difficulties expressed by the Accreditation Panel, the Board may prefer not to encourage the selection of ministries as applicant NIEs.

- The change on OPG paragraphs 40 (a), (b) and (c), and 41 (a), (b) and (c) incorporate the agreed timeline for the secretariat's technical review of project proposals according to the breakdown of the administrative cost (**Decision B. 12/7 (b)**);
- the introduction of a new section would be added to the OPG (42-45) and include the award of a Project Formulation Cost (**Decision B.12/28**);
- Proposition to amend the OPG former para 42 (new 46) to refer to the standard legal agreement between the AFB and its Implementing Entities (**Decision B.12/29**) and
- new text requesting the submission of the schedule together with the project document is proposed on OPG paragraphs 40 (a), 41(a) and former 45 (new 49) (**Decision B.12/30 (b)**).

8.2 Issues discussed by the Board that may require amendments to the OPG or their related templates,

Consultative process: While the EFC requests further guidance whether the consultative process should take place prior to the proposal and/or during the implementation, the PPRC pointed out the necessity to enable the secretariat to directly request that information from the applicants pending the review of the project;

Gender consideration: The EFC will request the Board to include in the project review template the gender considerations as new review criteria;

Possibilities to resubmit rejected project: The introduction of the traffic light colours as differentiation for used terms - endorsement, approval and rejection - enables the resubmission of rejected project par 40c) and 41

Compliance with the fiduciary standards: The Accreditation Panel is working on a proposal to clarify the supporting documentation required to demonstrate compliance with the approved fiduciary standards that the Board may want to consider incorporating to the relevant template once approved.

8.3 Additional amendments

Additional amendments that the Board may want to consider in light of the lessons learned during the accreditation process and the project cycle:

Accordingly, the EFC due to the misunderstanding on the role of the Designate Authorities in the submission of projects requests the Board to consider the reformulation of the section related to the country endorsement **through highlighting more appreciably the role of the implementing Entities**; and **enabling the submission of the same project through a MIE and NIE of the same country**. The EFC requests the Board for more clarification by outlining in a new sentence that these options are not mutually exclusive.

The review of the OPG is indeed a crucial step towards capturing experience that has been made with the existing rules of the AF and further advancing them. However, the amendments under discussion could be extended or enhanced taking into account some further lessons learnt around the Fund.

The amendment on the consultative process is quite crucial in that regard, because current experience shows that most of the project proposals have not included substantial information. Most of them have not even provided a list of stakeholders already consulted but often only a list of stakeholders potentially invited in the future. The AFB should a) harmonise the review criteria with the template and makes the stakeholder consultation an explicit review criterion, and b) to decide to prepare clearer guidelines (with a view for adoption at the next meeting) for the project proposals and for the implementation.

Minimum aspects that should be included are

- *address multiple stakeholders (e.g. not only government institutions);*
- *give particular attention to the inclusion of the communities in the project region that are being targeted;*
- *highlight not only quantity of consultation (e.g. number of people or organisations consulted), but also address qualitative aspects, such as which comments were seen as particularly relevant and taken on board, which were addressing specific concerns etc.;*
- *not only refer to previous consultation processes (e.g. referring to NAPA consultations) but provide the key information within the proposal to the AF.*

This could also help warranting for the ownership of the most vulnerable communities as well as the sustainability of the project beyond the implementation could be extended and detailed. Also, strengthening gender considerations in the procedures of the AF, in particular in project identification and implementation, is important.

Furthermore, the Board will consider how and to which extent it will enable the accreditation unit within a government body, which has experienced with international fiduciary standards as NIE. Furthermore, although the options enabling the submission of the same project through a MIE and NIE of the same country are not mutually exclusive, there is in the process a preference of the substitution of MIE through NIE, which represents the innovative benchmark of this fund.

9 Status of the resources of the Adaptation Fund:

As part of the deliberations of the Ethics and Finance Committee, the Trustee World Bank will report on the state of the AF Trust Fund. Now, as the AF has started the phase of releasing funds to concrete project activities, it is even more important to reflect the state of the available resources. This report provides the Adaptation Fund Board with information on the financial status of the Adaptation Fund Trust Fund on:

- (a) Status of Receipts and Cash Transfers, which indicates as of January 31, 2011, the Funds Held in Trust represent cumulative receipts less cumulative disbursements, and amount to US\$ eq. 211.88 million
- (b) The Trustee has generated revenues of US\$ eq. 138.16 million through CER sales since the start of the CER monetization program in May 2009,
- (c) Status of donation, which also indicates that as of January 31, 2011, the total cash donations received by the Trustee amounted to US\$ eq. 85.59 million.
- (d) Funds available to support AF Board funding decisions as of January 31, 2011 amounted to US\$ 186.98 million.
- (e) Estimates of potential resources available for the Adaptation Fund from January 31, 2011 to December 31, 2012 range from approximately US\$ 305.3 million to USD 408.5 million.

10 Other agenda items of the meeting:

10.1 Guideline for Private donation:

The present document is prepared by the World Bank acting as interim Trustee of the AF and should provide to interested parties²⁸ in donating funds to the AF, protect the Board and its body for damage arising from donations as well as reduce the transaction cost. Doing so, it established a web link, which facilitates the donation through securities maintained by third parties, in which the donor can directly enter his debit card details.

10.2 AFB, secretariat and Trustee administrative Budget update:

Since at the 10th meeting it was not clear whether the Terms of Reference of the World Bank acting as interim Trustee of the AF will be prolonged²⁹, the AFB approved the FY11 until March 2011 presented by the Trustee. The Budget adopted added up to US\$ 913,000, which the Trustee corrected due to the lower than expected external audit cost to approximately US\$ 782,000. For the period April 1, 2011 to June 30, 2011 the Adaptation Fund Board requests the AFB to approve an estimated budget of US\$ 258,500³⁰: The Document also gives an update on agreed transfers from four donors (Switzerland, Finland, Japan and Norway) totalling US\$ 238,595.

²⁸ Two main sources are eligible for donation the Adaptation Fund Trust Fund from : i) sovereign governments (e.g. bilateral donors) and ii) non-sovereign entities (e.g., private sector companies, non-governmental organizations, foundations, individuals) see AFB/EFC.4/12

²⁹ unless it was prolonged by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol,

³⁰ For comprising US\$ 168,000 for CER Monetization services, and US\$ 90,500 for all other Trustee services

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