

# BRIEFING ON THE 14<sup>TH</sup> MEETING OF THE ADAPTATION FUND BOARD

by Alpha O. Kaloga and Sven Harmeling



## Brief Summary

This briefing paper summarises the key issues that are on the agenda of the 14<sup>th</sup> meeting of the Adaptation Fund Board, which governs the Adaptation Fund set up under the Kyoto Protocol. It will take place from 20 to 22 June in Bonn.

Among the key issues are the consideration of further project and programme proposals to be approved by the AFB, the accreditation of further implementing entities, including one National Implementing Entity from Benin, and the review of the Operational Policies and Guidelines for Parties to access resources from the Fund. The latter process is also relevant with regard to further strengthening provisions for the inclusion and consultation of affected stakeholders within developing countries.

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# Contents

	<b>Executive Summary.....</b>	<b>4</b>
<b>1</b>	<b>Items to be considered by the Ethics and Finance committee .....</b>	<b>5</b>
1.1	Evaluation framework .....	5
1.2	Draft Guidelines for Project/Programmes Final Evaluation.....	9
1.3	Consideration of a country cap in the context of regional project and programmes .....	13
1.4	The review of the Operational Policies and Guidelines .....	14
<b>2</b>	<b>Items to be considered by the Project/Programme Review Committee</b>	<b>20</b>
2.1	Report of the secretariat on initial screening and technical review of project and programme proposals.....	20
2.2	Input to the standardized template table for project execution cost .....	22
<b>3</b>	<b>Report on the sixth meeting of the Accreditation Panel.....</b>	<b>23</b>
<b>4</b>	<b>Activities undertaken by the secretariat since the 13<sup>th</sup> of the AFB .....</b>	<b>25</b>
4.1	Board, Secretariat and Trustee Budget for the fiscal year 2012 .....	26

## Executive Summary

Just a few days after the UN Climate Change Conference in Bonn, the members of the Adaptation Fund Board will convene for their 14<sup>th</sup> meeting at the UN Campus in Bonn, Germany. On 20<sup>th</sup> June, the Board members will assemble in their respective committees, the Ethics and Finance (EFC) and the Project Programme Review Committee (PPRC), and thereafter meet for two days as the whole AFB.

The EFC, which is in charge of providing the Board with advice on inter alia finance and audit, will debate on the Evaluation Framework of the Fund, as well as on the modalities and guidelines for Project/Programmes Final Evaluation. It should also review the Operational Policies and Guidelines of the Fund, before it makes its recommendation for adaptation to the Board. The review of the OPG has to be seen as one of the key issues in the upcoming meeting, because it will update and revise the modalities for how Parties access to the resources of the fund as well as how future project proposals should be designed and implemented. This meeting will see in-depth considerations on the review, while final decisions are expected for the September meeting of the AFB.

The PPRC is in charge of assisting the Board with regard to review of submitted projects/programmes. For this meeting, it should assess 13 project proposals -12 submitted through multilateral agencies and one through a National Implementing Entity (from Jamaica)- with a cumulative requested funding amounting to ca. US\$ 91 million.

The AFB will also consider the accreditation of further implementing entities. The Accreditation Panel, providing recommendations to the AFB, suggests to accredit the NIE from Benin (National Environment Fund), but with additional reporting conditions attached to the accreditation. Another seven NIEs are in the pipeline, including one regional national implementing entity, which, together with another NIE, may qualify for accreditation in between this AFB meeting and the next one to be held in September. Furthermore, the AP suggests to accredit the Banque Ouest Africaine de Développement (BOAD) as MIE.

Noteworthy is that the AFB will convene for the first time prior to the meeting a consultation dialogue, which should enable representative of civil society organisation from both developed and developing countries to interact with the Board members. During this dialogue representative of civil societies intend to share their recommendation pertaining to the review of the operational policies and guidelines of the AF as well as further options to engage stakeholders in the operations of the AFB.

This briefing highlights and summarizes the key issues on the agenda of the 14<sup>th</sup> meeting of the Adaptation Fund Board, and outlines some actions to be taken by the Board.

# 1 Items to be considered by the Ethics and Finance committee

The Ethics and Finance Committee (EFC) is responsible for providing advice to the Board on issues of conflict of interest, ethics, finance and audit<sup>1</sup>. During the next meeting, which will be its 5<sup>th</sup>, the EFC will examine following documents before it makes recommendation to the Board for adoption

## 1.1 Evaluation framework

While the Adaptation Fund Board at its thirteenth meeting endorsed its evaluation framework, it requested its secretariat, supported by the GEF Evaluation Office, to prepare a revised version of the evaluation framework, which should reflect the comments made during the 4<sup>th</sup> meeting of the EFC as well as any other comments that came up within the AFB during its 13<sup>th</sup> meeting. This revised version<sup>2</sup> should differentiate between Mid-term evaluation as well as Mid-term review and set out that final evaluations should be disclosed publically, taking into account sensitive issues.

In handling so, the EFC document demands that the inclusion of civil society as well as of relevant stakeholders should be mirrored as a best practice in evaluation as currently presented in the Evaluation Framework and the Guidelines for Project/Programme Final Evaluations. It was also decided to postpone the date of the evaluation of the Fund itself to its 17<sup>th</sup> meeting; because of the fact that currently only one project has been implemented.

The prepared document contains two annexes, to be considered by the EFC and later by the Board in order to guide the secretariat in the preparation of a final version for adoption at the subsequent meeting of the EFC.

The present document to be considered addresses questions such as who will be responsible for implementing the evaluation framework and therefore proposes three options, based on the level of independence, costs and institutional arrangements. Each option gives pro and contra arguments for each option to be carefully considered by the EFC in its recommendation to the Board:

**Option 1:** Based on the approach of the Montreal Protocol Multilateral Fund, the AF Board could appoint a full time senior Evaluation officer. This Evaluator should report directly and independently to the EFC and administratively be supported by the AF Board Secretariat.

To enable the aforementioned independence, the Secretariat and the Board should create an independent structure to ensure unbiased supervision of the evaluation by the evaluator (for example, reporting mechanisms directly to the Board regarding performance and supervision of the staff).

**Option 2:** is following the practice of the Global Fund to fight AIDS, which has set up a Technical Evaluation Reference Group (TERG). Such an independent evaluation

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<sup>1</sup> See document AFB/B.6/6 on the Adaptation Fund Board committee p.2

<sup>2</sup> See document AFB/EFC.5/4

advisory group would in the case of the AF be accountable to the Board and the EFC, on whose behalf it will undertake independent evaluations. In doing so, it should guarantee the independent implementation of the evaluation framework. The set-up of this evaluation group would compose of three to five members hired for 60 to 90 days a year, for three years, and may include practitioners, research institutions, academics, donor and implementing countries, and non-governmental organizations. All members of the TERG should be institutionally independent of, but supported by the Secretariat.

With respect to the pros and cons of this option, the members of such evaluation group should be expert in all the fields and sectors funded by the AF, which is quite difficult because of the limited pool of experts available in both adaptation and evaluation. Therefore, this option may lead to the appointment of additional experts with generating additive cost, which so far are not included in the cost of the evaluation work programme and would require additional budgeting.

**Option 3:** is based on the current institutional arrangements with the GEF, which should in this case use its own Evaluation Office to provide, on a temporary basis, technical support on evaluation. The AF would cover the costs of the service provided. Given the early stage of implementation, 50% of one senior officer may be decent for the next three years. The senior officer could be supported by an additional officer, as it is deemed necessary, and should directly report to its director who is accountable to the AF Board. In this option the services of the officer could be used in a flexible manner as needed by the AFB, rather than on full time basis.

*The cost of the third option – US\$ 100,000- 120,000 - is less than the two first options. The high cost is scored in the second option up to US\$ 250,000, while the first option could cost up to US\$ 220,000. However, it remains questionable, whether the third option is envisageable, beyond the three first years, since the half time appointment arrangement would not be appropriate because of the increased evaluation needs of projects. At this stage the Adaptation Fund is well advised to take the scarcity of its resources into account in its deliberation and agree on the third option on an interim basis for the next three upcoming years.*

The second Annex of the document deals with the types of evaluation, and their roles and responsibilities to be fulfilled as well as principles and criteria it may bring along.

At its 10<sup>th</sup> meeting the AFB agreed an approach of how to carry out Results Based Management (RMB). Noteworthy is that the RMB should be commensurable, based on lesson learnt and undertaken step by step, be kept as simple as possible with limited qualitative and quantitative reliable indicators integrated in project cycle and knowledge management. The Board also agreed on three elements to its strategic directions:

1. The **performance**, which provides a sound framework for strategic planning and management by improving learning and accountability<sup>3</sup> to improve management effectiveness and accountability by defining realistic expected results and targets<sup>4</sup>.
2. The **monitoring** as an element of the strategic directions enables the measurement of progress towards the achievement of expected results and targets, integrating lessons learned into management decisions and reporting<sup>5</sup>.
3. Lastly the **evaluation**, which provides information on whether the project or portfolio was on the right track.

The evaluation framework does not address issues of the Trustee management and audit. It aims, however, at communicating “concepts, roles and use of evaluation within the Adaptation Fund and to define the institutional framework and the responsibilities of different entities participating in the Fund”. The aforementioned strategic directions remain effective until the Board decides differently.

Accordingly, the overall purpose of the evaluation framework is to give guidelines on concepts, roles and benefits of evaluation within the AF as well as on the responsibilities of the different entities involved in the AF.

Furthermore it should promote overarching objectives such as the accountability of the achievement of its set objectives through assessment of its effectiveness, processes and performance. The evaluation also should help to determine the relevance and fulfilment of its objectives. Furthermore, it is worth to mention that evaluations are important sources of evidence of the achievement of results and institutional performance, and should contribute to knowledge and to organisational learning. In doing so lessons learnt among the stakeholders and entities should play a central role towards promoting on-going and future activities in order to support the decision-making process.

The evaluation identifies three levels of evaluation that should be present in the AF, which are inter alia:

1. **Mid- term evaluations:** these would be applied to projects and programmes that have more than 4 years implementation phases, and would be covered by the M&E of the project. It is conducted by an independent team in order to “critically assess the initial outputs and results of the project”, which enable assessing the quality of programme implementation. It should contribute to certain modifications to the implementation of an intervention and to up-dating the adopted assumptions. The findings should be communicated to the AF and will serve as basis for further funding decisions.

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<sup>3</sup> OECD 2001. Results Based management in the Development Co-operation Agencies: a review of experiences Background Report. Written by Ms. Annette Binnendijk, consultant to the DAC WPEV. <http://www.oecd.org/dataoecd/17/1/1886527.pdf>

<sup>4</sup> AFB/EFC.5/4 p.8

<sup>5</sup> Monitoring tells whether the organisation, country, portfolio or project is on track to achieving the intended objectives.

2. A **Final Evaluation** should be undertaken after the implementation of the project by an independent evaluation in order to assess the minimum achievement in term of sustainability financial management of the project outcomes.

On the other side, the AF reserves itself the right to undertake additional evaluation, if it is deemed as necessary

On the **Implementing Entity (IE) level**, the AFB also reserves itself the right to undertake the performance review of the IE at any time, if it decided as necessary. On **the AF level**, an evaluation is also planned to measure in which extent it is in track with its own set objectives. The modality of this evaluation as well as the frequency will be decided by the EFC during its 7<sup>th</sup> meeting.

It was decided at the 6<sup>th</sup> meeting of the CMP to undertake a Review of the AF to be presented at its 7<sup>th</sup> meeting. The scope of the review of the Adaptation Fund will include a review of all matters related to the Adaptation Fund, including institutional arrangements, taking stock of the progress made to date and lessons learned in the operationalization and implementation of the Fund<sup>6</sup>. An option for future review could be undertaken based on the findings and the conclusion of the planned evaluation.

International evaluation best practices recommend further evaluation on the country level as well as ex-post evaluations after the implementation, since the impacts to be achieved by the project are expected to last or even occur many years after the implementation of the project.

The document guides also on the role and responsibilities of the IE with regard to evaluation. Each IE has different role and responsibilities according to the circumstances within the country, and is expected to be evaluated by an independent evaluation body, which should report back directly to the AFB and to the IE. Also the IEs have several roles and responsibilities regarding the evaluation. They should show through their report that their proposals contain M&E and indicators, which are in line with the RMB. The information provided should be publically available in order to facilitate the dissemination of information. In addition, the AF has also several functions to play regarding the evaluation. It should oversee projects and the management of its resource by the IE. Its secretariat should prepare an evaluation framework, to which principle and guidelines the AF should adhere. It should assist the EFC in preparing an annual portfolio towards achievement of its objectives. It is also in charge of the dissemination of information as well as preparing monitoring tools such as tracking tools.

The EFC is in charge of evaluation monitoring as described in the Result based Management. Since all project proponents should report annually on the development of the implementation of the project, the EFC could report, based on the submissions of the report on implementation to the AFB, on issues pertaining to conflict of interest and finance audit. While the Project and Programme Review Committee is in charge of the review and financing of the project according to the OPG of the fund. The Accreditation Panel is responsible to ensure that the IEs have the capacity to conduct M&E.

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<sup>6</sup> Draft decision -/CMP.6.

[http://unfccc.int/files/meetings/cop\\_16/conference\\_documents/application/pdf/20101204\\_cop16\\_cmp\\_review\\_afb.pdf](http://unfccc.int/files/meetings/cop_16/conference_documents/application/pdf/20101204_cop16_cmp_review_afb.pdf)



Basically, evaluation in the AF should explore five major criteria, depending on what should be evaluated, bearing in mind that not everything can be evaluated.

- With respect to the relevance of the AF and funded projects and programmes: Questions such as “*whether the activity supported was relevant to improving resilience, reducing vulnerability and increasing adaptive capacity at different levels? Does the project support concrete adaptation measures that anticipated adverse effects of climate change?*” The issue of uncertainty of climate models and project designs should also be considered here.
- The measurement of the efficiency on “*how economical the funds, expertise, time, etc provided by the AF have been converted into results. Some of the questions to be considered are: Were alternative approaches considered? Did the project provide justification for the funding requested on the basis of the full cost of adaptation?*”
- In terms of effectiveness, the AF should ask itself, “*whether the activity supported is relevant to improving resilience, reducing vulnerability and increasing adaptive capacity at different levels? Does the project support concrete adaptation measures that anticipated address adverse effects of climate change?*” The issue of uncertainty of climate models and project designs should be considered here.
- Regarding the impact, it is worth to ask “whether the activities supported by the Fund have increased the resiliency at the community, national and regional levels to climate variability and climate change”?
- Lastly, it is crucial to measure the sustainability of the implemented project.

The last part of the document provides suggestions for minimum requirements at the project level for mid-term and final evaluations. These requirements are in addition to MIE and NIE requirement for mid-term reviews. It should also weigh the output and the input, output and result of the projects based on the set indicators against current condition.

*The AFB in considering all these options should explore how it could insert socio-economic conditions and also check the output of the project by one-times event that resembles the expected future. It is also important to mention that there are no international standards established, given the cross-sectoral nature of adaptation as such. The AFB should bear in mind that the impacts of adaptation project should prepare for may happen in 10 years from now. Also, climate variability such as weather extremes could negatively as well as positively impact the implementation of the project. Last but not the least the issues of sustainability, ownership and empowerment should take an essential role in the implementation and be measured in the evaluation.*

## **1.2 Draft Guidelines for Project/Programmes Final Evaluation**

Upon request of the AFB during its 13<sup>th</sup> meeting, the secretariat of the Board, with assistance from the GEF evaluation office, prepared a present document which recommends the Board to approve guidelines to conduct final evaluations of the projects

and programmes.<sup>7</sup> It is based on the Operational Policies and Guidelines (OPG) of the AF, which requests a final evaluation for all funded projects. Following the international best practices, the final evaluation should be conducted in addition to the IE's own final evaluation. It contains guidelines to be updated according to international standards.

This document prepared for the AFB for its consideration and potentially adoption contains best practices to which the AF should subscribe towards the achievement of increased resilience and reduced vulnerability, in order to promote accountability and best practices to improve the selection, design and implementation of the projects funded by the AF. Its costs should be covered by the projects and disclosed to relevant policy makers, operational staff, beneficiaries, and the public in general for ensuring transparent dissemination of evaluation reports.

The first part of the document addresses the responsibilities of all relevant stakeholders and bodies in conducting AF evaluation:

Accordingly, the IE in fulfilling its responsibilities should ensure that the independent team in charge of the evaluation is composed of relevant stakeholder in this field. All stakeholders involved in the project should be consulted. The evaluation team in charge of the final evaluation should be independent from policy-makers and the implementation itself and familiar with all project documents. The final evaluation will assess the accomplishment of envisaged results, with the help of rating related to the input output.

According to international standards, the evaluation should be based on rating, measuring inter alia the relevance effectiveness and efficiency of the project. The below listed rating<sup>8</sup> is suggested to be applicable for all evaluations. However, it needs to be more or less adjusted depending to the context and what should be evaluated specifically:

- **Highly satisfactory (HS).** The project/programme had no shortcomings in outcome achievement in terms of relevance, effectiveness, and efficiency.
- **Satisfactory (S).** The project/programme had minor shortcomings in outcome achievement in terms of relevance, effectiveness, and efficiency.
- **Moderately satisfactory (MS).** The project/programme had moderate shortcomings in outcome achievement in terms of relevance, effectiveness, and efficiency.
- **Moderately unsatisfactory (MU).** The project/programme had significant shortcomings in outcome achievement in terms of relevance, effectiveness, and efficiency.
- **Unsatisfactory (U).** The project/programme had major shortcomings in outcome achievement in terms of relevance, effectiveness, and efficiency.
- **Highly unsatisfactory (HU).** The project/programme had severe shortcomings in outcome achievement in terms of relevance, effectiveness, and efficiency.

An evaluation of risks to the sustainability of the project is also planned. Sustainability is understood as the likelihood of the achieved outcomes continuing after the funding from

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<sup>7</sup> AFB/EFC.5/5

the AF ends<sup>9</sup>. In other words it is related to a long-term perspective, replication and other impacts of the project. Assessing the sustainability of the projects includes the evaluation of at least four dimensions of risk to sustainability. In doing so one should consider

- a) Financial and economic risks,
- b) Social and political risks,
- c) Institutional framework and governance risks, and
- d) Environmental risk assumptions.

Each of the four mentioned dimensions of risk to sustainability will be rated - as listed above -, based on an overall evolution of the likelihood and magnitude of the potential effect considered within the dimensions. Since all of the four dimensions of sustainability are critical, they should not be higher than the lowest rated dimension. This means if one dimension is rated “unlikely”, risk rating in other dimensions should not be higher than “unlikely”.

In addition to this, the evaluation should take into account the process affecting the achievement of the project. In its assessment the evaluator should include this process in the performance and results sections of the report, which is a process determining the achievement of the projects. It is composed of six key points as following.

- **Preparation and readiness** built of certain criteria such as: *“Were the project/programme’s objectives and components clear, practical, and feasible within its time frame? Were the capacities of the executing entities and its counterparts properly consulted when the project/programme was designed?”<sup>10</sup>*
- **Country ownership** is assessed through following the answering of key questions: *“Was the project concept in line with the national sectoral and development priorities and plans of the country or of participating countries in the case of multi-country projects/ programmes?”* and so on.
- **Stakeholder involvement** is measured through *“Did the project involve the relevant stakeholders through information sharing and consultation and by seeking their participation in project/programme design, implementation, and M&E?”*
- **Financial management:** *Did the project/programme have the appropriate financial controls, including reporting and planning, that allowed management to make informed decisions regarding the budget and allowed for timely flow of funds?*
- **Implementing Entity supervision and Backstopping:** *Did Implementing Entity staff identify challenges in a timely fashion and accurately estimate their significance? Did Implementing Entity staff provide quality support and advice to the project/programme, approve modifications in time, and restructure the project/programme when needed?*

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<sup>8</sup> AFB/EFC.5/5

<sup>9</sup> AFB/EFC.5/5

<sup>10</sup> All parts in italic are language used in the document AFB/EFC.5/5

- **Delay in project start up and implementation:** *if there were delays in project/programme implementation and completion, what were the reasons? Did the delays affect project/programme outcomes and/or sustainability, and, if so, in what ways and through what causal linkages?*

The final evaluation should also assess the quality of the projects' and programmes' M&E systems according to four dimensions: (1) M&E plans; (2) indicators, (3) baselines; and (4) alignment with national M&E frameworks.

Noteworthy is that specific evaluation indicators depend on the type of adaptation indicators that practitioners and planners will choose. It is suggested that a mix of quantitative, qualitative and narrative tools be used, including surveys and scorecards, so that results can be triangulated to give the most accurate picture possible of progress towards adaptation and the factors involved<sup>11</sup>.

Project and programme baselines will be used from the project starting on in order to be applied in the monitoring and evaluation process. Depending on project needs and design, proponents are well advised to develop reference scenarios that represent future conditions in the priority system in the absence of climate adaptation. These scenarios should, however, accommodate the various adaptation measures applied, and should be subject to rating according to the above mentioned rating systems.

Finally the evaluator should prepare a summary based on findings and empirical gathered information. In doing so it should elaborate fruitful recommendations in the form of lessons learnt as well as by propose concrete advice to be communicated to the interested stakeholders.

As one may imagine, the criteria and quality of rating of the evaluation will determine the value of the lesson learnt. Since the evaluation will be undertaken by an independent unit, the EFC and the Board secretariat will therefore undertake an additional evaluation in order to rate the undertaken evaluation on the process level. In handling so, they will try to answer questions based on the criteria to assess the overall quality of the evaluation reports. Based on the findings, the EFC will also again rate the quality of the final report based on the above mentioned rating systems.

*The final evaluation is an indispensable tool to appraise the achievement and the impacts of the project funded by the Board, since the final evaluation will be undertaken after the implementation of the project. Therefore, it can only take into account the sustainability of the economic and social, positive and negative impacts of the project. The AFB is best advised therefore, to be more focussed on the mid-term evaluation, because only at this stage it may take action to adjust the delivery of the project. The criteria used in the final evaluation should also be applied in the ex-post evaluation, because they are best suited to provide good analysis on the project funded by the AF. The ex-post evaluation can actually assess the real value of the adaptation action financed by the fund, since the climate change impacts to be addressed by the project are expected to happen many years after the implementation of the project.*

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<sup>11</sup> UNFCCC. 2010. Synthesis report on efforts undertaken to monitor and evaluate the implementation of adaptation projects, policies and programmes and the costs and effectiveness of completed projects, policies and programmes, and views on lessons learned, good practices, gaps and needs. 1F6C CACpr/iSl B2S0T10A /2010/5

### **1.3 Consideration of a country cap in the context of regional project and programmes**

The main issue to be considered in this item is whether country caps in the context of regional projects and programmes are equated to national projects and programmes or not. Background is the decision of the AFB in its 13<sup>th</sup> meeting to set a country cap of US\$ 10 million for each country trying to access funds from the AF. The secretariat was requested to elaborate a proposal to the EFC on how regional project and programmes would be considered within the set cap. In preparing the document, the secretariat has identified the following options:

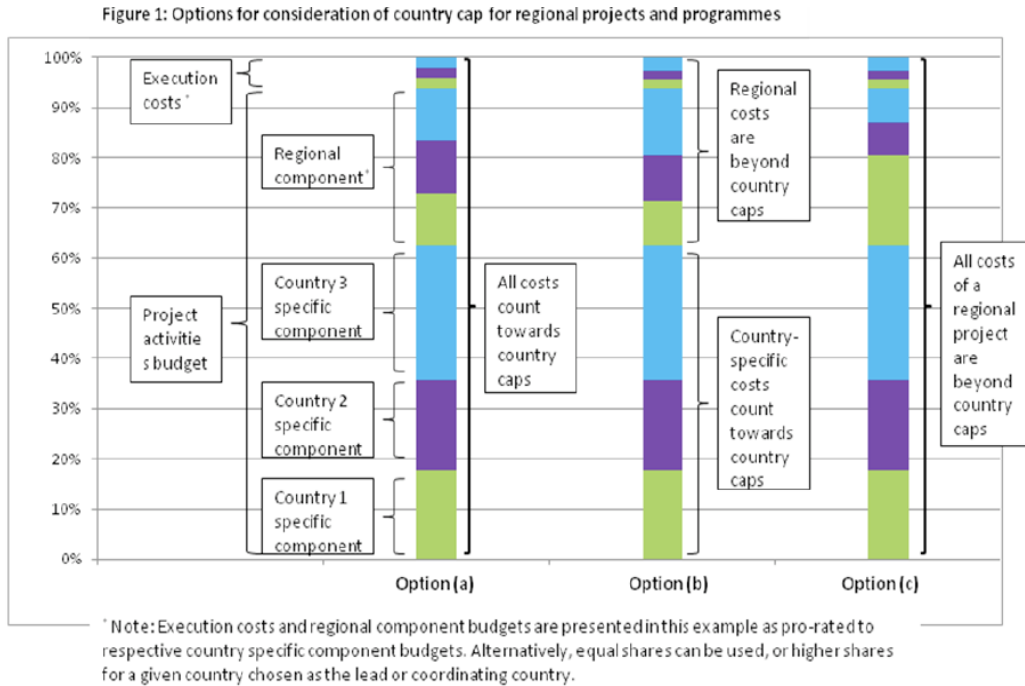
- (a) All costs of regional projects and programmes, both country-specific and regional ones, are divided among participating countries, and those shares are counted towards the cap of that country;
- (b) The country-specific costs within a regional project or programme are counted towards the cap of that country but an additional allocation is granted for regional costs; and<sup>12</sup>
- (c) An additional allocation for all costs of regional projects and programmes is made possible by instituting a separate cap for regional projects and programmes. Such projects and programs could also include country-specific and regional costs.

It is important to distinguish two types of costs within the regional project: the costs arising from general budget needs (under execution costs) and, secondly, costs originating from regional activities that address several countries simultaneously, e.g. arrangement of a regional workshop, or setting up a regional early warning system, and in which it might not be possible to differentiate the share of the participating countries. The latter activities would be budgeted under the project activities budget. There are two ways of dividing regional cost: a) by equally dividing among all projects countries or b) as shares proportionate to the countries specific cost in the project.

The Option (a) is simple to apply unless the Board decides to encourage regional projects through extra funding. It aims at minimizing any potential distractive speculation and will not touch on the total amount, which a country could receive. The second option presumes that it may be difficult to manage regional costs. The extra costs would be allocated to the “truly” regional cost and not country-specific. The last option is worthy, for the case the Board intends to promote regional projects. However, whichever options the Board may select, it is advisable to divide the regional costs in a pro-rated manner (option 2).

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<sup>12</sup> In the option (b), the additional allocation for regional costs can be made to allow higher execution costs, or higher project activities budget for regional activities, or both. In the options (b) and (c), the most equitable way of setting an additional cap for regional activities might be through using country-specific additional caps, rather than regional additional caps



The figure above is from AFB/EFC.5/6 p.2

*The EFC in considering the options described above should take into account that the set cap per country is in the borderline. Thus, in order to facilitate and promote transboundary adaptation projects, the regional cap should include extra costs such as travel costs, organisation of workshops etc. The cap should be balanced and should not discourage those countries seeking to address regional adaptation needs, while at the same time willing to devote some activities to their local vulnerable communities, which are included in the country cap. In addressing this, the AFB should allocate additional allocation for all costs of regional projects and programmes which could be facilitated by instituting a separate cap for regional projects and programmes*

## 1.4 The review of the Operational Policies and Guidelines

Para 65 of the Operational Policies and Guidelines for Parties to access resources from the Adaptation Fund (OPG) stipulates that the Board shall keep these operational policies and guidelines under review and will amend them as deemed necessary<sup>13</sup>. Since its 13<sup>th</sup> meeting the AFB has been discussing the review of its OPG. In the discussion during the last meeting, it became apparent that both committees have already identified issues that need to be considered when revising the OPG. In order to enable this, an ad-hoc committee was established, composed of two members of both committees (the EFC and the PPRC) as well as the chair and the co-chair of the Accreditation Panel. The ad-hoc committee will be supported by the secretariat and was tasked to produce proposals for amending the operational policies and guidelines. Germanwatch has reported on the first steps in this review in its briefing and report of the 13<sup>th</sup> meeting of the AFB.<sup>14</sup> This part is exclusively dedicated to those major amendments - in italic - to be considered during the upcoming meeting, according to the document prepared by the ad-hoc committee.

<sup>13</sup> All parts in intalic in this chapter originate from the document AFB/EFC.5/7

<sup>14</sup> See <http://www.germanwatch.org/klima/afn3.htm>

**Definition of adaptation projects and programmes:** According to para: 10 a concrete adaptation project/programme is defined as a set of activities aimed at addressing the adverse impacts of and risks posed by climate change. In addition, *the activities shall aim at producing a tangible impact on the ground [by reducing vulnerability and increasing the Party's adaptive capacity to respond to the impacts of climate change, including variability.]* The language in bracket and italic is more accurate in terms of goal that concrete adaptation action should meet. The same language has been inserted in para 12 of the OPG related to the financial priorities.

**Section related to the Designated Authority (DA):** The role of the DA has been specified in term of which role it should play on behalf of its government pertaining to the endorsement of the application of the implementing entities as well as the project submitted by this entity. Furthermore, it shall confirm that the proposed proposal is in line with the national strategies <sup>15</sup>.

The part on the **fiduciary standard** so far remains unchanged. Observers recognised in their submission that the OPG already contains strong fiduciary standards towards the accreditation.

*The main shortcoming, however, is that the ex-post audit and evaluation processes and sanctions for non-compliance are not clear. This part needs to be enhanced and clarified particularly with respect to the role of the government, which endorses the accreditation of the NIE. It lacks a grievance mechanism on which role the government should play in the case of financial irregularities, material breach, poor implementation, etc.*

The proposed amendment contained in the AFB document in para 37 is a good starting point: that the Board “reserves *the right to investigate the use of the Fund resources, if there is any indication of inappropriate allocations. [An investigation could include an independent audit of the use of the Fund resources.]*”

Nonetheless, actually the endorsement of the government implicates its accountability by mismanagement or corruption. These parts should obligate a strong accountability of the government body by corruption. It should contain certain conditions, how the government could refund the resource jeopardized.

Regarding the review and approval of regular project and programmes, the presented document contains in its appendix C some useful amendment, which will be later comment below.

It is worth, however to mention that in para 44 of the OPG related to the review and approval of project, that the AFB requests the proponent using the two-steps approval process to “*submit a fully developed proposal<sup>16</sup> at subsequent Board meetings for approval and funding.*”

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<sup>15</sup> Noteworthy, is the options of submitting different projects/programmes through an NIE and through an MIE are not mutually exclusive.

<sup>16</sup> A fully developed project/programme is one that has been appraised for technical and implementation feasibility and is ready for financial closure prior to implementation.

*More clarifications are needed to limit the time slot between the endorsement of the concept note and the submission of the fully-developed proposals. It is reasonable that the project proponents should submit their full- developed proposal within one year.*

In section related to the **Monitoring, Evaluation and Review**: There is a new para 56 on overarching strategic results framework. This strategic results framework has been approved in order to ensure effectiveness and efficiency on the fund level, to support the Strategic Priorities, Policies, and Guidelines of the Adaptation Fund. Accordingly the para stipulates that: *“the framework will take into consideration existing good practice and lay out an approach that: (i) incorporates measuring results with widely recognized tools; (ii) assesses risk on an on-going basis; and (iii) incorporates learning into strategies, project and programmes. Moreover para 59 says: each project/ programme will embed relevant indicators from the strategic framework into its own results framework. Not all indicators will be applicable to all projects/programmes but at least one of the core outcome indicators should be embedded.”*

The AF has to oversee all tasks related to monitoring, evaluation and planning, which are carried out within the realm of AF. The Board has now equipped itself with a tool enabling the professional assessment whether the fund is on track to achieving the intended result. The implementation of a good RMB requires the management and sharing of the weight of knowledge and information among the AFB, the Implementing and Executing Entities, and the Secretariat.<sup>17</sup>

However, what is still lacking is to address mid-term evaluations in the OPG, which according to the standard legal contract with the IEs, as approved at the 12<sup>th</sup> meeting of the AFB, will be demanded for every project.<sup>18</sup>

### **Description of the benefits for vulnerable communities**

As mentioned before the PPRC has identified issues related to the project review, which require an amendment of the OPG. This need has been taken into account in the new project and programme proposal template. In **the background and context section of the project and programme proposal template**, proponents would be requested to outline climate change scenarios according to the best available scientific information.

In **part B of the section project and programme justification**, applicants are requested to describe how the project/programme provides economic, social and environmental benefits, with particular reference to the most vulnerable communities, *and groups within communities, including gender groups*.

*Observers organisation following the AF recognise and appreciate the attempt of the ad-hoc committee to improve the language in this part. However we do believe that the amendment as so far proposed did not take into account key concerns for different reasons, as also expressed during the dialogue with civil society, as following:*

*There is an obvious need to call for an introduction of criteria of assessment of the “most vulnerable communities” in the project review criteria. Several questions remain unanswered such as: how can one prioritise a group without to prior identify and assess*

<sup>17</sup> For information see: Germanwatch Further Important Steps Underlining the Role of the Adaptation Fund available on: <http://www.germanwatch.org/klima/afb2011-01r.pdf>

<sup>18</sup> See AFB/EFC.3/6



*them? The prioritisation of the most vulnerable presumes an identification of these people called most vulnerable. How to identify them? And how to better address their utmost need? Of course it is not adequate to prescribe globally which communities have to be seen as most vulnerable. However, that should be required as a minimum is that the proponents have to provide information on what they base the selection of the target communities, such as vulnerability mappings. In order to really materialise this important provision or to answer these questions the board need to provide the proponent with clearer guidance. Accordingly we suggest (in cursive language, the amendments proposed by the AFB ad-hoc committee are underlined):*

*“B. Describe how the outputs and outcomes of the project / programme will provide economic, social and environmental benefits, particularly to the most vulnerable communities in the targeted area. Provide information on the selection of the target communities (e.g. vulnerability mappings) and an environmental impact assessment of the project. Specify how typically marginalized groups, such as women, will be involved in and be impacted by the project/programme.”*

*Furthermore there is a need to indicate what gender dimensions are to be addressed by the project, how these issues were identified and how they have been taken into account in project design.*

The **part E of the same section** stipulates inter alia:

*“Describe how the project/ programme meets relevant national technical standards, where applicable, such as standards for environmental assessment, building codes, etc.”*

This amendment is an important improvement towards environmental integrity of adaptation activities funded by the fund. In many developing countries environmental impact assessments are mandatory anyway. However, it is here also an indispensable need for explicit criteria on strategic impact assessments to ascertain possible wider impacts – not only benefits - on other vulnerable communities (and ecosystems) beyond the proposed project site.

### **Consultative process**

Also **para H** has been considerably enhanced. Nevertheless we suggest further clarifying amendments. The proposal would read as follows:

*“Describe the participatory and inclusive consultative process undertaken during project design and planned during project implementation. List the stakeholders already consulted, including vulnerable communities and gender groups, and the methods of consultation and its key results, including inputs and concerns expressed by them, and how specific results of the consultation have been reflected in the project/programme proposal. The consultative process shall be concluded before the fully developed project / programme is submitted.”*

This proposal builds on the view that the PPRC is well advised in its review:

- To understand stakeholders as a person or group, organisation, or system which impact or can be impacted by the execution of certain concrete activities in their region. Therefore the board should stipulate that it expects multi-stakeholder consultations, which includes all relevant groups impacted and interested in the execution of the projects.

- To see consultation as an inclusive process by which the public can actively participate on matters affecting their live and raise their concerns. Therefore the level of consultation should be in line with the level of risk related to the project. It is also a tool, which may reduce the onus of the implementing entities regarding the transparency and accountability. We see such consultation not as a means of delay, but rather for preparing the basis for an effective and successful implementation of the AF projects, with a view to achieving a lasting effect.
- To strongly consider the strong link between the prioritisation of the most vulnerable and the consultative process. The consultative process – see below – goes hand in hand with the focus of the most vulnerable people. They complement one another and should be seen as two sides of the same coins. Achieving the focus of the need of vulnerable groups in implementing projects presumes a strong consultation process, through which their need and concern have been identified as well as the development of common approach to tackle them. Furthermore the consultative process means a reciprocate exchange among the stakeholders from the outset of the proposal until the last step of evaluation and beyond. In the best case it should contain grievance mechanism, which could be integrated in the whole project management framework.

Therefore it is also important that the description of the consultative process does not only describe the process itself, but in how far key aspects and concerns raised by affected stakeholders have been taken into account in the project design. It is here about the most relevant aspects, not about every small point that was raised during the consultation process.

In the same section “project and programme justification” a provisions dedicated to the **sustainability** have be introduced. They stipulate inter alia:

*“Describe how the sustainability of the project/programme outcomes been taken into account when designing the project”.* This amendment is strongly linked with the environmental impact assessment in para E.

*Sustainability is the pivotal delivery of projects. It means the capacities to transform services needed as a permanent tools or resources serving the targeted people. It presumes to take into account all the above-mentioned suggestion and beyond. It is a transformational process aiming at enhancing the well being of the targeted most vulnerable people and women in the project region. It can also be qualified as the capacity of the projects to approach targeted people in the people so that they can identify themselves through the project and protect the gain or output acquired through the project.*

*People around the word are looking at the AF. The Adaptation Fund should show that through its innovative structures it can raise to the challenge of adaptation in the interest of those less privileged affected by the adverse effect of climate change. The review of the OPG of the AF is a great chance to harness its work towards addressing the particular need of the most vulnerable. They have to be identified, approached, consulted and involved in any stage of the project that targets them. The value of each funded project by the AF finally depends on the perception of the targeted about the projects.*

**Disclosure of procurement guidelines applied by IEs:** At the moment there is a significant lack of transparency regarding what procurement principles as well as other

oversight guidelines are applied by the implementing entities, since their applications for accreditation are not available publicly. The only example where the applied procedures can be publicly obtained is that of UNDP, since their application is made public as a model application and contains weblinks to the procedures UNDP generally applies. But being able to know and understand the specific procedures applied in every project, in particular where National Implementing Entities have the oversight responsibility, is crucial to allow for an independent observation of the projects. Therefore, we propose to include the following language, e.g. as new para 64:

“53. Procurements by the implementing entities or any of their attached organizations shall be performed in accordance with internationally accepted procurement principles, good procurement practices and the procurement regulations as applicable to a given Party. Implementing entities shall observe the highest ethical standards during the procurement and execution of the concrete adaptation projects. *The specific procurement principles applied by each implementing entity will be disclosed and made available on the website of the Adaptation Fund.*”

**Towards an effective redress mechanism:** An independent process to enforce mutual accountability (between the AF, national governments and non-government actors) should be set up. Such a redress mechanism should be available at the national as well as global level. Previous experience indicates that at least three minimum criteria to ensure the credibility and independence of a redress or appeals mechanism: independence (members should be chosen from outside the institution, and their budget should be independent and adequate); public accountability (the public should have access to every stage of the redress process) and effectiveness (the mechanism must have the authority to ensure that their recommendations are acted upon). An appropriate language in the OPGs could like this (e.g. as new para 62):

“*The Board ensures that disputes arising in the operations of the Adaptation Fund are adequately dealt with through an effective redress mechanism which functions in an independent and effective manner and which is accountable to the public.*”

## 2 Items to be considered by the Project/ Programme Review Committee

The Project and Programme Review Committee (PPRC) is be responsible for assisting the Board in tasks related to project/programme review in accordance with the OPG, and for providing recommendations and advice to the Board thereon<sup>19</sup>.

### 2.1 *Report of the secretariat on initial screening and technical review of project and programme proposals*

The document AFB/PPRC.5/3 summarises for the PPRC the submitted projects and programmes to be considered during the next meeting of the AF Board. For a full overview of all projects submitted to the AF so far, see the Germanwatch Adaptation Fund Project Tracker.<sup>20</sup>

According to the document, 14 regular<sup>21</sup> project/ programme proposals have been submitted by 14 countries through accredited National and Multilateral Implementing Entities with the cumulative requested funding amounting to US\$ 90,642,830. Before the secretariat of the Board sent its overview to the PPRC, one of the project proposal submitted by an MIE (from Mali) was withdrawn by its proponent. Accordingly, the outstanding 13 proposals amount to 81,523,110 including US\$6,312,298 or 8,4%<sup>22</sup> as implementing entities' management fees.

All proposals are in line with the Board country cap of US\$ 10 million, execution costs not exceeding 9,5% and management fee not exceeding 8,5%<sup>23</sup>.

One concept proposal has been submitted by an NIE, the Planning Institute of Jamaica. UNDP, accredited as an MIE, submitted four concept proposals on behalf of the respective governments for Djibouti<sup>24</sup>, Seychelles, Fiji and Papua New Guinea, the last two of which are re-submissions. UNDP also proposed four fully developed project documents for Guatemala, Maldives, Mongolia and Turkmenistan. The proposal for Turkmenistan was considered as a concept at the 10th meeting, was deferred by the Board, before it was considered as a fully-developed project document at the 12th meeting but was not approved then. The first three were previously submitted as concepts and endorsed by the Board. United Nations Environment Programme (UNEP) submitted two fully-developed project documents, one for Tanzania, which was considered as a fully-developed project document twice - at the 12th and 13th meetings of the Board - but

<sup>19</sup>See document AFB/B.6/6 on the Adaptation Fund Board committee

<sup>20</sup> <http://www.germanwatch.org/klima/afpt.htm>

<sup>21</sup> All of the 13 submissions are proposals for regular projects and programmes, i.e. they request funding exceeding US\$1,000,000.

<sup>22</sup> The implementing entity management fee percentage is calculated compared to the project budget including the project activities and the execution costs, before the management fee.

<sup>23</sup> The execution costs percentage is calculated as a percentage of the project budget, including the project activities and the execution costs, before the implementing entity management fee.

<sup>24</sup> The project proposal both concept and fully developed proposals are available under AFB/PPRC.5/4 Proposal for Jamaica; AFB/PPRC.5/5 Proposal for Argentina; AFB/PPRC.5/6 Proposal for Djibouti; AFB/PPRC.5/7 Proposal for Fiji; AFB/PPRC.5/8 Proposal for Guatemala AFB/PPRC.5/9 Proposal for Madagascar; AFB/PPRC.5/10 Proposal for Maldives; AFB/PPRC.5/11 Proposal for Mongolia; AFB/PPRC.5/12 Proposal for Papua New Guinea; AFB/PPRC.5/13 Proposal for Seychelles; AFB/PPRC.5/14 Proposal for Sri Lanka; AFB/PPRC.5/15 Proposal for Tanzania; and AFB/PPRC.5/16 Proposal for Turkmenistan.

was not approved. The second is from Madagascar, which was submitted as a concept and endorsed by the Board at its 11th meeting. The World Bank and the World Food Programme (WFP) submitted project concepts for Argentina and Sri Lanka, respectively.

The funding requests for the six fully-developed proposals total US\$37,163,216 and range from US \$2,929,500 (Turkmenistan) to US\$9,814,571 (Tanzania), with an average of US \$6,193,869. All the above funding request includes management fees charged by the implementing entities.

The secretariat has screened for consistency whether the funding request does not exceed the cumulative budget for funding allocated to the MIEs at the start of each session, which should not exceed 50% of the total funds available for funding decisions. In doing so the secretariat requested the Trustee to provide an update on the available money. The Trustee's report pointed out that, funds available to cover the AFB funding decision currently amount to US\$ 183.2 million, while the total amount requested by the MIEs for this session amounted to US\$ 34,53 million. This amount represents only 14% of the available funds for project funding.

The proposal for funding requested by the PIOJ as NIE is 9,995,000, in addition to the US\$ 30, 000 as project formulation cost.

The secretariat screened the proposal with the support of the GEF secretariat technical staff. During the screening process the secretariat usually shares its finding with the implementing entities with the view of soliciting further clarification, before it forwards its finding to the PPRC.

Another document prepared by the secretariat for the PPRC is a compendium of its entire conclusions and the decisions taken by the Board, which were relevant for the work of its committee. The document includes only areas related to the project cycle and can be seen as a means to serve as manual for the member of the PPRC in their deliberation. Since the document does not provide new items or issues or recommendations that were not reported on by Germanwatch in its previous document, it is only worth mentioning its existence.

**Table 1: Project proposals submitted to the 14<sup>th</sup> Adaptation Fund Board meeting**

Country	IE	Financing Requested, USD	Stage	IE Fee, USD	IE Fee, %	Execution Cost (EC), USD	EC, % of Total
Jamaica	PIOJ	9,995,000	Concept	780,000	8.49%	415,000	4.52%
Argentina	WB	4,311,703	Concept	337,783	8.50%	377,320	9.49%
Djibouti	UNDP	4,658,556	Concept	364,956	8.50%	407,800	9.50%
Fiji	UNDP	5,728,800	Concept	448,800	8.50%	480,000	9.09%
Guatemala	UNDP	5,425,000	Full	425,000	8.50%	475,000	9.50%
Madagascar	UNEP	4,504,920	Full	352,920	8.50%	392,000	9.44%
Maldives	UNDP	8,989,225	Full	704,225	8.50%	774,602	9.35%
Mongolia	UNDP	5,500,000	Full	430,876	8.50%	480,000	9.47%
Papua New Guinea	UNDP	5,227,530	Concept	409,530	8.50%	418,000	8.68%
Seychelles	UNDP	6,455,750	Concept	505,750	8.50%	450,000	7.56%
Sri Lanka	WFP	7,982,555	Concept	554,075	7.46%	644,480	8.68%
Tanzania	UNEP	9,814,571	Full	768,883	8.50%	828,688	9.16%
Turkmenistan	UNDP	2,929,500	Full	229,500	8.50%	250,000	9.26%
<b>Total</b>		<b>81,523,110</b>		<b>6,312,298</b>	<b>8.39%</b>	<b>6,392,890</b>	<b>8.50%</b>

This table is contained in the document AFB/PPRC.5/3 p 3.

## 2.2 Input to the standardized template table for project execution cost

The document desk study on project formulation cost was presented during the last meeting of the AFB. Based on the recommendations of the EFC the AFB decided to include in the project and programme evaluation costs a breakdown on how implementing entities fees will be utilised in the supervision of the M&E function. The rationale behind that is to inspect whether the set cap of 9,5% for execution cost is reasonable or whether it necessitates an additional budget beyond that limit.

Cost items	Project staff	Consultants (including consultants for Final Evaluation)	Equipment and office facilities	Consultations and communications	Travel	Other costs	Total
AF funding (\$)							

Accordingly, the Board requested the secretariat to circulate the template below to all the implementing entities accredited for inputs before final decision. Only two Implementing entities replied, the Inter American Bank for Development IABD and the United Nations Development Programme UNDP.

The UNDP presented its Atlas system, which delivers a breakdown of eligible costs for each component. The IABD has provided a detailed table, which basically breaks down the cost items and provides more description of the cost.

### 3 Report on the sixth meeting of the Accreditation Panel

Only a couple of days before the AFB meeting the report on the sixth meeting of the Accreditation Panel has been published.<sup>25</sup> Most interesting and relevant is of course the question in how far new NIEs will be accredited in order to progress with direct access.

The AP has considered a number of further applications for Implementing Entities. In time for the AFB meeting, it could conclude the review of the following applications:

- 1) National Environment Fund of Benin (NEF)
- 2) Banque Ouest Africaine de Développement (BOAD)
- 3) National Implementing Entity 1<sup>26</sup>

Further six NIE applications, one from a Regional NIE and two MIE applications are in the pipeline. The AP recommends accrediting the NIE from Benin (National Environment Fund), but with significant additional reporting conditions attached to the accreditation. These include:

“i) That within three months of each year end the external auditor of the NEF informs the AFB secretariat as to whether:

- a. Key staff was available during the year to monitor, execute and account for AF projects,
- b. The accounts of AF projects are up to date, and accurately reflected the transactions during the year, and
- c. All AF project procurements during the year followed national procurement rules.

ii) That before the first disbursement the MEHU and NEF places on their website an anti fraud policy that includes amongst others that:

- It has a zero fraud tolerance in relation to AF and other projects they manage,
- All allegations received will be investigated and complaints will be covered under appropriate whistleblower protection,
- A demonstration of an appropriate system whereby allegations of fraud, financial mismanagement and other irregularities that come to the NEF or the MEHU will be recorded and properly investigated.”<sup>27</sup>

Furthermore, the AP suggests to accredit the Banque Ouest Africaine de Développement (BOAD) as MIE, with some minor additional conditions attached, such as that the BOAD “includes an internal control statement with the financial statements starting in 2011 and that it has in place an investigative function that reflects its needs and the practices of other development banks before the first disbursement is made by the Adaptation Fund

<sup>25</sup> AFB/B.14/4

<sup>26</sup> NIEs in the pipeline are treated anonymously until they are recommended for accreditation.

<sup>27</sup> AFB/B.14/4, p. 4f

and that the effectiveness thereof will be reviewed after two years by the Panel. The Panel also recommends that the AFB instructs the secretariat to include in the legal documentation to be signed with BOAD a requirement to visit each of the open AF projects for a monitoring mission on an annual basis.”<sup>28</sup>

The review of the application of NIE resulted in a non-recommendation, already at the last meeting. The country that proposed the NIE now withdrew the application. What would be interesting to know is whether some of the conditions that are now suggested for the NIE from Benin have been suggested for NIE 1, but nevertheless resulted in a recommendation for non-approval.

Regarding the state of the review of the other applications, the report by the AP implies that the Regional NIE and one other NIE may be qualify for accreditation in between this AFB meeting and the next one to be held in September, just lacking some additional documentation.

Furthermore the AFB will be invited to discuss a proposal for an agenda for the regional NIE workshop to be held in July/August in Africa, mandated through the COP decision from Cancun and to be organised by the UNFCCC Secretariat. The fact that this workshop is considered to be held at the UNEP premises in Nairobi is somewhat delicate. While it is understandable that the UNFCCC Secretariat is striving to host such a workshop at UN venues, the fact that UNEP is one of the MIEs, but that the workshop is particularly envisaging strengthening direct access and the NIE process, there is the risk of a conflict of interest. Given the fact that Senegal has been the first country with an accredited NIE ever, it would appear as a valuable and logical host country for this workshop. And since this workshop is not expected to become a huge conference, it should not be a problem to find an appropriate venue in Senegal.

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<sup>28</sup> AFB/B.14/4, p. 4



## 4 Activities undertaken by the secretariat since the 13<sup>th</sup> of the AFB

The secretariat, in consultation with the Board Chair and Vice-Chair, prepared and circulated three draft intersessional decisions' texts that were approved by the Board<sup>29</sup>:

- Accreditation of the Inter-American Development Bank, on April 20, 2011;
- Agreement on Project Formulation Grant (PFG) for Uruguay, on May 9, 2011; and
- Allocation and disbursement of funds to cover the costs of the performance study, on May 10, 2011.

In implementing the decision undertaken during the 13th meeting of the Adaptation Fund, the secretariat informed the Inter-American Bank for Development about its accreditation. Furthermore it issued the legal agreements for the implementing entities, which are responsible for the implementation of on the approved projects for Ecuador, Eritrea and Solomon Islands. This legal agreement has already been marked by the Board Chair and the MIE representatives and now entered into force. Further, the secretariat prepared the transfer forms for the first tranches of funding and, once signed by the Board Chair, forwarded them to the trustee.

Regarding the planned workshop planned to help developing countries in the accreditation process of NIEs, the secretariat had set up a working group, which elaborated an invitation letter, information sheets and a draft programme of the workshops. The letter has been sent by the secretariat of the UNFCCC, with which it is closely working on the preparation of the workshop to be held this year.

Furthermore the secretariat screened the 13 proposals to be considered during the next meeting and has already sent its findings to the PPRC.

With respect to the accreditation process of the implementing entities the secretariat also worked closely with the Accreditation Panel<sup>30</sup>. As the date of the issuance of the document the secretariat received applications from three from three national entities and one multilateral organization. Three new accreditation applications from national entities, including one received before the last Board meeting; two from regional organizations and development banks, and one from a multilateral organization were forwarded to the Panel for review.

In fulfilling its tasks, the secretariat requested applicants whose applications were not complete and were thus not forwarded to the Panel, to complete the information and supporting documentation. It also worked closely with the Panel Chair and Vice-Chair and assisted the Panel in its discussions. The sixth Panel meeting was organized during the reporting period. The secretariat also assisted the Panel in finalizing its report.

The consultant hired by the secretariat to develop communications material on

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<sup>29</sup> The three above mentioned decisions are available on the website under "intersessional decisions".

<sup>30</sup> Since the inception of the accreditation process the secretariat has screened applications from 18 non-Annex I Parties, two from regional organizations and 11 from multilateral organizations and development banks

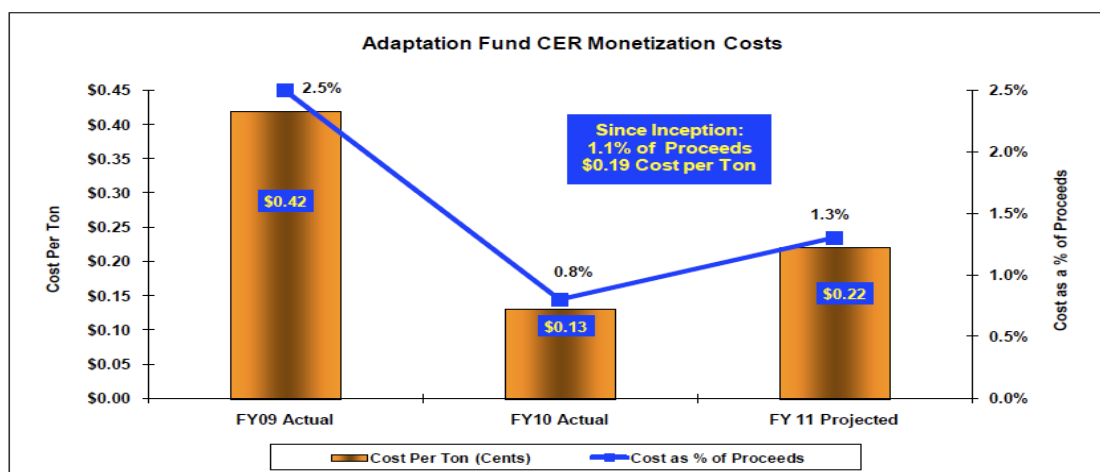
accreditation in close collaboration with the Accreditation Panel members, finalized the work on the versions of the toolkit in the remaining five UN languages (decision B.11/13). The secretariat made available the toolkit on the website in its different language versions.

#### 4.1 Board, Secretariat and Trustee Budget for the fiscal year 2012

In this item the Board of the AF will be requested to approve the proposed budget of US\$ 3,422,101 to cover the costs of the operations of its Board and secretariat over the period July 1, 2011 to June 30, 2012.

Based on current estimates, the FY11 budget will have an overall reduction of 3% in relation to the revised approved FY11 budget. The decrease of the under-run from 19% for FY10 to 3% for FY11 is due to a better sense of the actual costs of the secretariat. 3% is within a normal range for budgeting.

Figure 1: Adaptation Fund CER Monetization Costs



The table is from the document AFB/EFC.5/9

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