

Climate Finance Advisory Service

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Daily Briefing

23rd AFB Meeting

(20–21 March 2014, Bonn)

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

Summary from 20 March 2014

On Thursday, 20 March 2014, the Adaptation Fund Board (AFB) convened for its 23rd meeting in Bonn, Germany. Two days prior to the meeting, the two committees of the fund, the Ethics and Finance Committee (EFC) and the Project and Programme Review Committee (PPRC) met for their 14th meeting respectively.

As is custom at each first meeting of a year, the meeting started with the transition to the new Chair and Vice-Chair and the new Committee Chairs. As already decided at the last AFB meeting in October 2013, the previous Vice-Chair, Mr. Mamadou Honadia (Burkina Faso), was elected to succeed the former Chair Mr. Hans Olav Ibrekk (Norway). Ms. Laura Dzelzyte (Lithuania) was elected as Vice-Chair during the intersessional period since the last meeting.

The first agenda item was the report of the Accreditation Panel (AP), which is in charge of reviewing accreditation applications from Implementing Entities against the fund's fiduciary, environmental and social requirements. After due appraisal of the accreditation applications, the AP decided to recommend to the Board the accreditation of the **Peruvian Trust Fund for National Parks and Protected Areas (PROFONANPE)**, as a National Implementing Entity (NIE); the **Corporación Andina de Fomento (CAF)**, as a Regional Implementing Entity (RIE); and the **European Bank for Reconstruction and Development (EBRD)**, as a Multilateral Implementing Entity (MIE). Following the report by the AP, the Board decided to follow the recommendation, increasing the total number of implementing entities to 31: 16 NIEs, 4 RIEs and 11 MIEs.

The second agenda item considered the report of the PPRC who is assisting the Board in tasks related to project and programme review and implementation. For the 23rd AFB meeting, nine proposals have been submitted to the secretariat by accredited implementing entities, with the total requested funding amounting to USD 42,450,265: five project concepts (USD 25,367,482) and four fully-developed project proposals (USD 17,082,783).

Three project concepts submitted by the Indian NIE, the National Bank for Agriculture and Rural Development (NABARD), were endorsed by the Board, encouraging the NIE to develop fully-developed proposals. Further, the Board endorsed the concept submitted by the Agence pour le Développement Agricole (ADA), acting as the NIE for Morocco.

As for fully-developed project proposals, the Board approved the proposal of Indonesia, submitted by the World Food Programme (WFP). This project was the only MIE project for consideration at this

meeting and will be queued in the pipeline for approved MIE projects awaiting additional funding resources.

Following the report by the PPRC, the Board considered the options for intersessional review and approval of projects submitted to the AF secretariat. Due to the decision at AFB 22 to reduce the number of its annual meetings from three to two, it has become critical for the AFB to explore modalities for the intersessional review of projects. In the discussion on this matter, Board members agreed on taking intersessional decisions, however their views differed on how to frame the process, i.e. to preserve quality assurance in terms of the review of project proposals in a meaningful and transparent manner. After a brief discussion, the Board adopted the arrangement for a intersessional project and programme review cycle, which will last 24 weeks or more between two consecutive meetings. This arrangement stipulates, inter alia, that all first submissions of project proposals, regardless whether fully-developed or concepts, need to be first considered at a official Board meeting, in order to allow intersessional decision thereupon. Also, in cases where issues related to a project require the involvement or decision by the EFC, members of the PPRC are requested to refrain from any funding decision until the EFC has considered the issue at an official EFC meeting.

The last agenda item in the morning sessions was the report by the EFC, responsible for providing advice to the Board on issues of conflict of interest, ethics, finance and audit. Accordingly, the EFC discussed the possibility of a modified accreditation process for small entities. After discussion in the Board, it was decided to allow a streamlined accreditation process for small entities. However, this accreditation process will apply the same fiduciary, social and environmental standards of the AF as for the other implementing entities.

One critical item also considered by the EFC was related to the options for an evaluation of the Fund. In discussions at the EFC it was recognised that a thorough evaluation would require sufficient information about the institution to be available. Given the young portfolio of the AF, it was argued to be difficult to comprehensively review the Fund at this stage of time. The EFC therefore recommended the Board to use a two-phased evaluation approach: In the first phase, a review should be conducted as soon as the terms of reference for the evaluation are adopted and after an assessment whether the operational design and logic corresponds with actual operations and identifies results of implementation. A second phase of the evaluation should be undertaken when information is available, particularly on AF's projects, and should address the long-term impact of the Fund, as well as the performance and sustainability of its resources. After due consideration, it was decided that an Independent Review Panel will be set up – consisting of an evaluation and adaptation specialist, as well as a representative of civil society.

In the afternoon, the meeting resumed with a discussion on the fund's fundraising strategy. Board members reemphasized the dependency of the fund from voluntary contributions and called for the reestablishment of the fundraising task force along with a newly formulated fundraising target. Some members stressed the need to formalize the task force, contrary to the rather ad hoc manner that was set up before, with eight Board members volunteering to contribute. Consequently, there was consensus among Board members that the task force should be officially budgeted and mandated to exercise its work for the duration of one year. Board members highlighted the importance of not only developing a strategy, but also finding the means to implement it. Therefore, the secretariat was asked to prepare an implementation plan, including specific activities and events for the coming two years, also integrating a communication strategy to approach potential donors and benefactors.

A fundraising target of USD 70 million per year for 2014 and 2015 was proposed, but some members felt the need postpone the final decision on the target until the next day of the meeting, after discussing the agenda item on options to fund the MIE project pipeline.

To conclude the first day of the meeting, the Board held a closed session to discuss the fully-developed project proposal for Kenya, submitted by the National Environment Management Authority (NEMA), acting as a NIE – a decision that was transferred from the PPRC to be discussed at the Board level.

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