

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 21 March 2014

On Friday, 21 March 2014, the 23rd meeting of the Adaptation Fund Board (AFB) resumed with addressing the remaining items on the agenda.

To begin with, the AF secretariat presented a document containing the outline of activities, execution arrangements and eligibility criteria for the NIE and RIE direct-access readiness programme, which was decided at the last Board in October 2013. Further, the secretariat announced three different workshops for 2014: The first called "Training for Trainer" will aim at familiarizing organisations that are providing technical and institutional support as well as capacity building for potential accreditation applicants with the policies and procedures of the Adaptation Fund. The second workshop will target accredited NIEs, to help with the development of project proposals and the compliance with the environmental and social safeguard policy of the Fund. A third workshop will invite potential applicants that are not accredited yet but interested in acting as an implementing entity of the Fund.

The second agenda item of the day considered the status of the MIE pipeline. After the last AFB meeting in October, the pipeline consisted of eight approved MIE proposals awaiting additional funding resources. In the intersessional period, the AF was able to fund four additional projects, as result of the new donations by developed countries pledged at COP19 in Warsaw. Thus, after the approval of the project proposal for Indonesia by the World Food Programme, the updated pipeline as of the current meeting contains five projects, requesting the total amount of about USD 38 million.

Building on the presentation on the status of the pipeline, the Board engaged in a prolonged discussion on options for funding the MIE pipeline. The discussion evolved around the question of whether to permanently lift the MIE cap, allowing a temporary lifting (i.e. clearing the current pipeline) or maintaining the current cap (as of now a limit of 50% of total resources of the AF can be channelled through MIEs). The debate on the issues proved difficult, as its complex nature has implications for the strategic positioning of the Fund as well as the messaging in frame of the fundraising target. Many board members stressed the need to be mindful of keeping the balance between meeting the adaptation needs of vulnerable countries on the one hand, and the promotion of direct-access on the other. As a result, there was unambiguous consensus among the Board to maintain the current cap in principle, while there was no agreement on how to deal with the current pipeline. The issue is becoming particularly critical as some of the projects in the pipeline have been waiting over a year to be funded. After an intense debate, the Board decided to postpone the decision until the next AFB meeting.

As indicated yesterday, the fundraising target for 2014 and 2015 was raised to USD 80 million each year. Against expectation, this new number was not proposed based on the discussion on option of funding pipeline, but rather based on the discussion with the Trustee on the projection of resources available for funding decisions.

Furthermore, the board discussed about its communication strategy. The representative of the secretariat presented a range of communication materials, which not only aim at enhancing the visibility of the Fund, but also at supporting the fundraising campaign of the AF by displaying the various results achieved by the Fund's activities. The secretariat is working on additional documents that will be made available for Board members and interested stakeholders.

The afternoon session included the usual presentation on the financial status of the Adaptation Fund Trust Fund by the Trustee. Accordingly, the cumulative donations to the AF amounted to around USD 205 million as of December 2013, surpassing the generated revenues through CER sales (around USD 190 million) for the first time. Considering cumulative funding decisions for MIE and NIE projects and programmes leaves the total funds available to support further funding decisions at around USD 170 million.

The last item on the agenda addressed other matters, such as the report of the AFB to the CMP, the attendance of the AFB at the last meeting of the Adaptation Committee, as well as a report by the AF secretariat on two portfolio monitoring missions to Honduras and Nicaragua that took place in November 2013. The common purpose of these missions was to collect information on watershed management practices in the Central American region, collecting information on implementation arrangements for adaptation projects and to collect lessons learned on the earliest projects approved by the Fund (both approved in 2010).

The Board also briefly discussed the option of opening meetings of the Project and Programme Review Committee (PPRC) and the Ethics and Finance Committee (EFC) of the AF to interested observers. Although Board members emphasized the need for transparency, it was seen as important for the work of the AFB to have space where deliberations could be exchanged in closed session. One Board member alluded to the possibility for interested stakeholders to comment on project proposals that could then be considered at the respective PPRC meetings. One Board member proposed the option of discussing some PPRC and EFC agenda items openly, where confidentiality was not an issue.

To conclude the meeting, the Board decided to convene for its 24th session from 7-10 October 2014 in Bonn.

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