

# The Adaptation Fund

AFB/B.3/1/Rev.1/Add.1/Rev.1

September 8, 2008

---

Adaptation Fund Board  
Third Meeting  
Bonn, September 15-18, 2008

Agenda Item 2 (a)

## PROVISIONAL ANNOTATED AGENDA

**AGENDA ITEM 1. OPENING OF THE MEETING**

1. The meeting will be opened by Mr. Richard Muyungi, Chair of the Adaptation Fund Board.

**AGENDA ITEM 2. ORGANIZATIONAL MATTERS**

**(a) ADOPTION OF THE AGENDA**

2. *Background:* A provisional agenda for consideration by the Board has been circulated to all Board Members as document AFB/B.3/1/Rev.1 *Provisional Agenda*. Document AFB/B.3/1/Rev.1/Add.1 *Provisional Annotated Agenda* has also been circulated.
3. *Action:* The Board will be invited to adopt the agenda for the meeting.

**(b) ORGANIZATION OF WORK**

4. The Chairperson will propose to the Board the organization of work.

**AGENDA ITEM 3. ELECTION OF THE VICE-CHAIR OF THE ADAPTATION FUND BOARD**

5. *Background:* At the second meeting of the Adaptation Fund Board the Board decided by acclamation to elect Mr. Naoya Tsukamoto (Japan, Annex I Parties) as Vice-Chair for the period 2008-2009. Unfortunately, Mr. Tsukamoto is unable to attend the third meeting of the Board.
6. *Action:* The Board will be invited to nominate and elect a new Vice-Chair, who will either replace the current Vice-Chair during the Third Meeting or complete the term of office of the current Vice-Chair, at the discretion of the Board.

**AGENDA ITEM 4. REPORT ON THE ACTIVITIES OF THE SECRETARIAT**

7. *Background:* Document AFB/B.3/2, *Report on the Activities of the Secretariat*, catalogues the intersessional activities of the Secretariat since the Second Board Meeting.
8. *Action:* The Board will be invited to take note of the Report.

**AGENDA ITEM 5. ISSUES REMAINING FROM THE SECOND MEETING OF THE BOARD**

**(a) DRAFT ROLE AND RESPONSIBILITIES OF THE ADAPTATION FUND TRUSTEE**

9. *Background:* Document AFB/B.3/3, *Draft Role and Responsibilities of the Adaptation Fund Trustee*, was prepared by the invited Trustee in response to Decision AFB/B.2/13. The document incorporates comments from Members and Alternates as mandated by the decision.
10. The Chair requested the Secretariat to notify the Board that AFB/B.3/4, *Draft Legal Arrangements between the Conference of the Parties Serving as the Meeting of the Parties to the Kyoto Protocol and the International Bank for Reconstruction and Development (World Bank) Regarding the Services to be Provided by the Trustee for the Adaptation Fund*, will be taken up first, as decisions taken with respect to this document will need also be reflected in the final version of *Role and Responsibilities of the Adaptation Fund Trustee*.
11. *Action:* The Board will take the action necessary in light of the background as explained above.

**(b) DRAFT LEGAL ARRANGEMENTS FOR THE ADAPTATION FUND TRUSTEE**

12. *Background:* Document AFB/B.3/4, *Draft Legal Arrangements between the Conference of the Parties Serving as the Meeting of the Parties to the Kyoto Protocol and the International Bank for Reconstruction and Development (World Bank) Regarding the Services to be Provided by the Trustee for the Adaptation Fund*, is a revised version incorporating views expressed by the Board while considering at its second meeting document AFB/B.2.11. The text reflects a version prepared by the Trustee and sent to the Directors of the World Bank for consideration at the meeting of the Executive Directors held September 9, 2008, as well as subsequent edits by the Chair to the Trustee's version. The text in roman type is the Trustee's text. The text in italics reflects the subsequent edits of the Chair.
13. *Action:* The Board will be invited to review and approve a document providing *Legal Arrangements for the Adaptation Fund Trustee*.

(c) **DRAFT RULES OF PROCEDURE OF THE ADAPTATION FUND BOARD**

14. *Background:* At the First and Second Board Meetings, the Board decided to approve sections I, II and III of the *Draft Rules of Procedure of the Adaptation Fund Board*. Document AFB/B.3/5, *Draft Rules of Procedure of the Adaptation Fund Board*, is a revised version incorporating views expressed by the Board.
15. *Action:* The Board is invited to review and approve the document, *Draft Rules of Procedure of the Adaptation Fund Board*.

(d) **LEGAL ISSUES PERTAINING TO THE OPERATIONALIZATION OF THE ADAPTATION FUND**

16. *Background:* Document AFB/B.3/6, *Legal Issues Pertaining to the Operationalization of the Adaptation Fund*, sets forth options for legal arrangements to support the operationalization of the Fund, particularly to support the innovative “direct access” modality for accessing Adaptation Fund resources. This document was prepared by the invited Trustee, the UNFCCC Secretariat and the Adaptation Fund Secretariat, in consultation with the Chair.
17. *Action:* The Board is invited to review the document, *Legal Issues Pertaining to the Operationalization of the Adaptation Fund*, and the options set forth within it and to decide which option, if any, to recommend to the CMP.

(e) **MONETIZATION OF CERTIFIED EMISSION REDUCTIONS (CER)S**

18. *Background:* The Chair held a meeting, by teleconference, with the members of the Committee, established in decision AFB/B.2/12, and will report to the Board on the results of the discussions. In addition, following the discussion at the second meeting of the Board in respect of the eligibility requirements for AF CERs, Document AFB/B.3/13, *Eligibility Requirements for Adaptation Fund CERs and Emission Trading*, further elaborates the issue.
19. *Action:* The Board is invited to consider the information provided by the Committee and decide on a strategy for the short term monetization of the CERs of the Adaptation Fund. The Board is also invited to review the document, *Eligibility Requirements for Adaptation Fund CERs and Emission Trading*, and to decide if guidance and clarification be sought from the CMP as to whether monetization of AF CERs are subject to any eligibility requirements.

(f) **PARAGRAPH 22 OF THE ROLE AND RESPONSIBILITIES OF THE BOARD**

20. *Background:* At its second meeting, the Board considered document AFB.2/3, *Draft Role and Responsibilities of the Adaptation Fund Board*. After considering revised texts contained in documents AFB/B.2/3/Rev.1 and AFB/B.2/3/Rev.2, the Board decided to adopt the document on the role and responsibilities of the Adaptation Fund Board as contained in AFB/B.2/3/Rev.3, save that, pending further developments, paragraph 22 would be placed in square brackets and would be addressed at the Board's third meeting. Document AFB/B.3/7, *Paragraph 22 of AFB.2/3/Rev.3, Role and Responsibilities of the Adaptation Fund Board*, recites paragraph 22 of *Role and Responsibilities of the Adaptation Fund Board*.
21. The Board will be invited to review the document, *Paragraph 22 of AFB.2/3/Rev.3, Role and Responsibilities of the Adaptation Fund Board*, and decide on the wording of paragraph 22, if possible at this time.

(g) **DRAFT PROVISIONAL OPERATIONAL POLICIES AND GUIDELINES FOR PARTIES TO ACCESS RESOURCES FROM THE ADAPTATION FUND**

22. *Background:* Document AFB/B.3/8, *Draft Provisional Operational Policies and Guidelines for Parties to Access Resources from the Adaptation Fund*, is a recirculation of document AFB/B.2/8, *Draft Provisional Operational Policies and Guidelines for Parties to Access Resources from the Adaptation Fund*, taking into account the views expressed by the Board. The document proposes provisional operational guidelines for eligible Parties to access resources from the Fund.
23. *Action:* The Board is invited to review and approve the document, *Draft Provisional Operational Policies and Guidelines for Parties to Access Resources from the Adaptation Fund*.

**AGENDA ITEM 6. DRAFT STRATEGIC PRIORITIES, POLICIES AND GUIDELINES**

24. *Background:* Document AFB/B.3/9, *Draft Strategic Priorities, Policies and Guidelines*, provides the Chair's text developed in response to guidance provided by the Board.
25. *Action:* The Board will be invited to review and approve the document, *Draft Strategic Priorities, Policies and Guidelines*.

**AGENDA ITEM 7. STATUS OF THE ADAPTATION FUND RESOURCES**

26. *Background:* Document AFB/B.3/10/Rev.1, *Status of the Adaptation Fund Resources*, provides information on the level of contributions (received and pledged), against the approved revised budget of the Adaptation Fund Secretariat and Board. This information informs the Board of the expenditures incurred to date and the level of funds secured and pledged and the levels required for the continued operation of the Fund through December 2008, according to the agreed budget. In addition, document AFB/B.3/14, *Reimbursements of Funds to Parties for their Contributions pursuant to paragraph 27 of Decision 1/CMP.3*, sets out, for consideration by the Board, the recommended procedures and timetable for reimbursements of funds to Parties for their contributions, which are provided to finance the administrative expenses for operating the AF in an interim phase until the monetization of AF CERs is operational, pursuant to paragraph 27 of Decision 1/CMP.3.
27. *Action:* The Board will be invited to consider the shortfall of available funds for continuing operation of the activities of the Adaptation Fund. The Board will be also invited to review the document, *Reimbursements of Funds to Parties for their Contributions pursuant to paragraph 27 of Decision 1/CMP.3*, and consider recommending to the CMP the procedures and timetable for reimbursements of funds to Parties for their contributions, pursuant to paragraph 27 of Decision 1/CMP.3.

**AGENDA ITEM 8. RECOMMENDED REVISED BUDGET OF THE ADAPTATION FUND SECRETARIAT AND BOARD**

28. *Background:* Document AFB/B.3/11, *Revised Budgets for the Adaptation Fund Board and Secretariat*, provides information on the expenses incurred by the Adaptation Fund Secretariat and Board during the period January 1 to June 30, 2008 and a revised budget for activities of the Adaptation Fund Secretariat and Board for the period July 1, 2008 to December 31, 2008, including cost of the Senior Adaptation Officer through June 2010, that takes into account the received contributions and expenditures to date.
29. *Action:* The Board will be invited to review and approve the document, *Revised Budgets for the Adaptation Fund Board and Secretariat*.

**AGENDA ITEM 9. DRAFT REPORT OF THE ADAPTATION FUND BOARD TO THE CONFERENCE OF THE PARTIES SERVING AS THE MEETING OF THE PARTIES TO THE KYOTO PROTOCOL**

30. *Background:* On August 28<sup>th</sup>, 2008 the Chair circulated to the Board for comments an outline for a Report of the Adaptation Fund Board to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol. The Chair will present to the Board a draft of this report.
31. *Action:* The Board will be invited to review the Chair's draft report and decide to authorize him to finalize the report, taking into account the decisions and results of the Third Board Meeting and to present the report to the 4<sup>th</sup> Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol.

**AGENDA ITEM 10. ESTABLISHING BOARD COMMITTEES**

32. *Background:* Document AFB/B.3/13, *Establishing Board Committees*, presents the Chair's proposal for establishing committees of the Adaptation Fund Board.
33. *Action:* The Board will be invited to review and approve the document, *Establishing Board Committees*.

**AGENDA ITEM 11. OTHER MATTERS**

34. Board Members may raise any other business under this agenda item.

**AGENDA ITEM 12. DATE AND VENUE OF THE FOURTH MEETING OF THE ADAPTATION FUND BOARD**

35. *Action:* The Board is invited to select a date and venue for the Fourth Meeting of the Adaptation Fund Board.

**AGENDA ITEM 13. ADOPTION OF THE REPORT AND CLOSURE OF THE MEETING**

36. *Action:* The Board will be invited to adopt the report of its Third Meeting.

**Draft**

**PROVISIONAL TIMETABLE**

***Day 1, September 15, 2008***

*Morning Session*

9:00 – 10:00	Agenda Item 1	Opening of the Meeting
	Agenda Item 2	Organizational Matters
	Agenda Item 2 (a)	Adoption of the Agenda
	Agenda Item 2 (b)	Organization of Work
	Agenda Item 3	Election of Vice-Chair
10:00 – 10:30	Agenda Item 4	Report on the Activities of the Secretariat
10:30 – 11:15	Agenda Item 5	Issues Remaining from the Second Meeting of the Board
	Agenda Item 5 (c)	Rules of Procedure of the Adaptation Fund Board
<i>11:15 – 11:30</i>		<i>Coffee Break</i>
11:30 – 13:00	Agenda Item 5 (a)	Role and Responsibilities of the Adaptation Fund Trustee
	Agenda Item 5 (b)	Legal Arrangements for the Adaptation Fund Trustee

*Afternoon Session*

15:00 – 16:45	Agenda Item 5 (a)	Role and Responsibilities of the Adaptation Fund Trustee
	Agenda Item 5 (b)	Legal Arrangements for the Adaptation Fund Trustee
<i>16:45 – 17:00</i>		<i>Coffee Break</i>
17:00 – 18:00	Agenda Item 5 (a)	Role and Responsibilities of the Adaptation Fund Trustee
	Agenda Item 5 (b)	Legal Arrangements for the Adaptation Fund Trustee

***Day 2, September 16, 2008***

*Morning Session*

9:00 – 11:15	Agenda Item 5 (d)	Legal Status of the Adaptation Fund
<i>11:15 – 11:30</i>		<i>Coffee Break</i>
11:30 – 13:00	Agenda Item 5 (e)	Monetization of Certified Emission Reductions (CERs)

*Afternoon Session*

15:00 – 16:45	Agenda Item 5 (f)	Paragraph 22 of the Role and Responsibilities of the Board
<i>16:45 – 17:00</i>		<i>Coffee Break</i>
17:00 – 18:00	Agenda Item 5 (g)	Provisional Operational Policies and Guidelines for Parties to Access Resources from the Adaptation Fund



