

# The Adaptation Fund

AFB/B.4/5  
December 2, 2008

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Adaptation Fund Board  
Third Meeting  
Bonn, December 15-17, 2008

Agenda Item 5 (c)

## ESTABLISHING BOARD COMMITTEES

## **Adaptation Fund Board Committees**

### **Proposal by the Chair of the Adaptation Fund Board**

#### **Overview**

Decision 1/CMP.3 provides that one of functions of the Adaptation Fund Board is to establish committees, panels and working groups, if required, to provide, *inter alia*, expert advice to assist the Adaptation Fund Board in the performance of its functions.

In accordance with this mandate, it is hereby proposed to establish the following committees to assist the Adaptation Fund Board with its work:

- 1. Administrative, Operations and Ethics Committee (AOEC)**
- 2. Finance and Audit Committee (FAC)**
- 3. Policy, Strategy and Outreach Committee (PSOC)**
- 4. Projects and Programmes Committee (PPC)**

The committees will be entrusted by the Adaptation Fund Board to provide advice, guidance and information on the work of the Board, which will assist the Board in its deliberations and decision-making.

The committees shall function under the authority and guidance of the Adaptation Fund Board, and in accordance with Terms of Reference for each respective committee and the General Guidelines for Committees as approved by the Adaptation Fund Board.

The committees shall be serviced by the Secretariat of the Adaptation Fund Board. The work of the committee shall be covered by the Adaptation Fund.

## **Adaptation Fund Board Committees**

### **Administrative, Operations and Ethics Committee (AOEC)**

#### **Draft Terms of Reference**

The AOEC shall be responsible for providing advice to the Adaptation Fund Board on conflict of interest or ethics issue concerning the operationalization of the Adaptation Fund, and for overseeing the work of the Secretariat in accordance with decisions of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol and the Adaptation Fund Board. In this regard the AOEC shall:

- Be comprised of **XX** members;
- Develop, for approval by the Adaptation Fund Board, a draft Policy on Ethics and Conflict of Interest concerning the operationalization of the Adaptation Fund, including policies regarding Members and Alternates of the Adaptation Fund Board, the Secretariat, the Trustee, Implementing and Executing entities, as well as other related entities;
- Advise the Adaptation Fund Board, the Secretariat and the Trustee on conflict of interest and ethics issues;
- Oversee the Policy on Ethics and Conflict of Interest and its implementation;
- Resolve differences in the interpretation of the Policy on Ethics and Conflict of Interest;
- Forward any issues concerning conflict of interest and ethics to the Adaptation Fund Board for discussion and determination;
- Develop, for approval by the Adaptation Fund Board, administrative rules, procedures and guidelines for the Secretariat;
- Oversee the activities of the Secretariat, including recruitment and procurement of services, to ensure consistency with decisions of the Adaptation Fund Board;
- Take such other actions to ensure consistency with the decisions by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol that are relevant to the work of the Adaptation Fund Board, in particular decision 1/CMP.3, the Policy on Ethics and Conflict of Interest, and decisions of the Adaptation Fund Board, as necessary and appropriate for achieving the objectives of the Adaptation Fund; and
- Undertake other activities as determined by the Adaptation Fund Board.

## **Adaptation Fund Board Committees**

### **Finance and Audit Committee (FAC)**

#### **Draft Terms of Reference**

The FAC shall be responsible for providing advice on all policy and strategy issues relating to Finance and Audit of the Adaptation Fund. In this regard the FAC shall:

- Be comprised of **XX** members;
- Review and provide advice on the budget for the operating expenses of the Adaptation Fund Board, Secretariat and Trustee;
- Make recommendations to the Adaptation Fund Board on the annual budget proposed by the Secretariat and Trustee; monitor expenditure of the budget in the course of the year and report to the Board thereon after the conclusion of each half-year;
- Provide advice and reports to the Adaptation Fund Board on the monetization of the CERs;
- Provide guidance to the Trustee on strategic investments for up-scaling the amount of money within the Adaptation Fund;
- Make recommendations to the Adaptation Fund Board on the selection of external auditors for the Adaptation Fund, receive and consider the reports of the auditors and report to the Board thereon;
- Review the Fund's Audited Financial Statements for each year, and make recommendations to the Adaptation Fund Board regarding the approval of the Financial Statements;
- Provide advice to the Adaptation Fund Board on the Adaptation Fund's fiscal management policies and processes, including asset-liability coverage, financial forecasts, modalities of contributions and investment policies for the Adaptation Fund's financial assets;
- Forward any issues concerning finance and audit of the Adaptation Fund to the Adaptation Fund Board for discussion and determination; and
- Undertake other activities as determined by the Adaptation Fund Board.

**Committees Established by  
The Adaptation Fund Board**

**Policy, Strategy and Outreach Committee (PSAC)**

**Draft Terms of Reference**

The PSAC shall be responsible for monitoring and for providing advice to the Adaptation Fund Board on the core governance structures of the Adaptation Fund, including processes and structures of the Adaptation Fund Board, Secretariat, Trustee, Implementing and Executing Entities. In this regard the PSAC shall:

- Be comprised of **XX** members;
- Provide advice to the Adaptation Fund Board on the evolution of core policies of the Adaptation Fund in areas not explicitly covered by decisions of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol or the Adaptation Fund;
- Provide advice to the Adaptation Fund Board on overall strategic planning for the Adaptation Fund;
- Review the overall performance of the Adaptation Fund making use of both internal and external evaluations and other reports;
- Serve as the lead Committee for the independent evaluation and review function for the Adaptation Fund, and pass on the Evaluation recommendations to the Adaptation Fund Board along with the comments of the committee, as appropriate;
- Ensure ongoing learning and evolution at the strategic level;
- Advise the Board on overall resource mobilization policy and approach; and
- Undertake other activities as determined by the Adaptation Fund Board.

**Committees Established by**  
**The Adaptation Fund Board**  
**Projects and Programmes Committee (PPC)**

**Draft Terms of Reference**

The PC shall be responsible for providing advice to the Adaptation Fund Board on all policy and strategy issues relating to the portfolio of projects consistent with the decisions of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol and the Adaptation Fund Board. In this regards the PC shall:

- Be comprised of **XX** members;
- Submit project proposals from eligible Parties to the Adaptation Fund Board for its approval, taking into account the mandate of the Adaptation fund Board as the Operating entity of the Fund in this regard;
- Review regular updates from the Secretariat on the status of the implementation of projects from eligible Parties;
- Review and provide advice to the Adaptation Fund Board on proposal guidelines, project review criteria and appeal processes as well as criteria for, and recruitment of, consultants;
- Provide advice on initiatives to facilitate the provision of technical support through the expansion of operational partnerships;
- Provide guidance to the Adaptation Fund Board on policies of harmonization, alignment and long term sustainability of the Adaptation Fund; and
- Undertake other activities as determined by the Adaptation Fund Board.

**Committees Established by**  
**The Adaptation Fund Board**  
**Draft General Guidelines for Committees**

**A. MEMBERSHIP**

1. The committees shall consist of Members and Alternates of the Adaptation Fund Board, and other members nominated by the Members of the Adaptation Fund Board.
2. Members of the committees shall have the same expertise as required for Members and Alternates of the Adaptation Fund Board as stated in paragraph 8 of decision 1/CMP.3.
3. The Members of the committees shall serve for a term of 1 year and shall be eligible to serve a maximum of two consecutive terms. Rotation of members will be made in a graduated way so as to ensure continuity and consistency.
4. If a member is not able to carry out his or her functions, or ceases to be a member, a new member shall be appointed by the Adaptation Fund Board for the remainder of the term.

**B. CHAIRMANSHIP**

5. The Chair and Vice-Chair of the Adaptation Fund Board, in consultation with members of the Board, will nominate Chairs and Vice-Chairs for each committee for election by the Adaptation Fund Board.
6. The Adaptation Fund Board shall elect the Chair and Vice-Chair of each committee, with one being a member from an Annex I Party and the other being from a non-Annex I Party. The position of Chair and Vice-Chair shall alternate annually between a member from an Annex I Party and a member from a non-Annex I Party. Members or Alternates of the Adaptation Fund may be nominated as Chairs or Vice-Chairs of the committees.
7. At the first Adaptation Fund Board meeting of each calendar year, the Board shall appoint a Chair and a Vice-Chair for the committees.
8. If the Chair or Vice-Chair is not able to carry out his or her functions, or ceases to be a member, the new Chair or Vice-Chair shall be appointed by the Adaptation Fund Board for the remainder of the term.

## **C. ACCOUNTABILITY**

9. The Adaptation Fund Board shall specify which committee shall bear primary responsibility for a particular issue, in cases where more than one committee may be reasonably expected to have a joint interest in a policy or area of work. The decisions and work plan of the Adaptation Fund Board shall clearly state which committee is the lead actor on that area of work.
10. Where appropriate, committee meetings will be scheduled to facilitate collaboration between committees with a common interest (including cross-cutting meetings).
11. Only committee members will attend committee meetings.
12. Notwithstanding paragraph 11, the committee chair can decide on additional participation in the committee meetings, including individuals who may have specific technical expertise required by the committee to perform its work. The committee chair will take cost implications into account in issuing an invitation and shall limit participation to meetings at which the expertise is required.
13. There will be no observers permitted to attend committee meetings.

## **D. OPERATING PROCEDURES**

14. The Adaptation Fund Board will define terms of reference of the committees.
15. Committees shall act only in accordance with these terms of reference, or on any other matter at the direction of the Adaptation Fund Board.
16. The committees will develop a work plan to reflect their mandate and distribute these to the Adaptation Fund Board.
17. The work plan of the committees will be updated as new tasks are assigned by the Adaptation Fund Board.
18. Committees will consult broadly on major policy issues and other issues of cooperation.
19. The Secretariat will establish a secure website for each committee to facilitate these consultations and to provide Board members access to the working documents of all committees.
20. Each committee will conduct an annual self assessment (including meeting attendance, performance against plan, effectiveness) and forward this to the Adaptation Fund Board for review.



21. The Chair of the committees shall endeavor to reach consensus regarding proposed recommendations to the Adaptation Fund Board. In those circumstances where a committee cannot reach consensus, the committee shall develop recommendations by reflecting the views of the members.
22. Recommendations of the committee shall be made publicly available, unless otherwise decided by the Adaptation Fund Board.
23. A recommendation by a committee shall be circulated to Adaptation Fund Board Members and Alternates at least two weeks before the meeting of the Adaptation Fund Board that is to consider the recommendation.
24. Committees shall prepare a budget for their work for consideration and approval by the Adaptation Fund Board.
25. Committees shall report to the Adaptation Fund Board in accordance with their terms of reference.

**E. USE OF EXPERTS**

26. Expert input to committees may be provided at their discretion and in consultation with the Adaptation Fund Board Chair;
27. The committee Chair and Vice-Chair, in conjunction with the Secretariat, will choose participants on panels from a list of nominations submitted by the committee. These independent experts will be subject to the Adaptation Fund Board's Policy on Ethics and Conflict of Interest;
28. Input from an expert or panel shall be provided through a mechanism to be determined by the committee, which may include reporting directly to the committee as a whole, or reporting through the committee chair and/or vice-chair.
29. The committee will provide terms of reference for such experts.

**F. ROLE OF THE SECRETARIAT**

30. The Secretariat will coordinate and facilitate the work of the committees, providing support to the committee Chairs and Vice-Chairs;
31. The Secretariat will appoint one qualified individual from the Secretariat for each committee to be the Secretariat focal point.

32. The Secretariat's committee focal point will be accountable on a long-term basis to the appointed committee and will, for reasons of efficiency, coherence and continuity, provide secretarial assistance and support to the work of the committees, attend the committee meetings, and assist the Chair and the Vice-Chair in order to prepare, facilitate and coordinate the work plan and meetings of the committee. The focal point will be subject to the guidance of the Chair and Vice-Chair, and will be responsive to the tasks assigned to them by the committee.