



## ADAPTATION FUND

AFB/EFC.10/2  
29 November 2012

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Ethics and Finance Committee  
Tenth Meeting  
Bonn, Germany, 11-12 December 2012

### **ANNOTATED PROVISIONAL AGENDA**

#### **1. Opening of the meeting**

The meeting will be opened by the Chair of the Ethics and Finance Committee (EFC), Mr. Yutaka Matsuzawa (Japan, Annex I Parties).

#### **2. Organizational matters**

##### *a) Adoption of the agenda*

Documents: AFB/EFC.10/1, Provisional agenda and AFB/EFC.10/2, Annotated provisional agenda.

Action expected: The EFC will be invited to adopt the agenda for the meeting and to raise any other matters it may wish to discuss. These other matters will be included on the agenda under item 10.

##### *b) Organization of work*

Documents: AFB/EFC.10/1, Provisional agenda and AFB/EFC.10/2, Annotated provisional agenda.

Background: The Chair will propose to the EFC the organization of work as suggested in the attached provisional timetable.

Action expected: The EFC will be invited to approve the organization of work as proposed by the Chair.

### **3. Investigative procedure**

Document: AFB/EFC.10/3, *Investigative procedure* and AFB/EFC.10/3/Add.1, *Terms of reference for investigative consultants.*

Background: The Board at its 16<sup>th</sup> meeting considered a document prepared by the secretariat on how to trigger a review or an investigation, including procedures to address cases of financial mismanagement.<sup>1</sup> Following consideration of the document above, and following the recommendation of the EFC, the Board decided to request the secretariat to present a proposed investigative procedure for consideration at the next EFC meeting, including the cost implications of implementing the proposed procedure and taking into account any possible conflicts of interest.<sup>2</sup> The Board at its 17<sup>th</sup> and 18<sup>th</sup> meetings considered the proposal prepared by the secretariat. At its 18<sup>th</sup> meeting the Board decided to request comments from Board members. It also requested the secretariat to present a revised version of the document and develop terms of reference for the investigative consultants for consideration by the EFC at its 10<sup>th</sup> meeting.<sup>3</sup> The secretariat has produced the requested documents (AFB/EFC.10/3 & AFB/EFC.10/3/Add.1). The World Bank legal advisor has reviewed the document and conferred with the Bank's management.. The WB legal advisor will be making a presentation to the EFC on a proposed way forward. For that reason the documents have not been posted on the website.

Action expected: The EFC will be invited to consider the proposal by the WB legal advisor and make a recommendation to the Board for approval.

### **4. Annual performance report**

Document: AFB/EFC.10/4, *Annual performance report 2012.*

Background: The secretariat will present the annual performance report 2012 for consideration by the EFC.

Action expected: The EFC will be invited to consider the annual performance report 2012 contained in document AFB/EFC.10/4, and make a recommendation to the Board for approval.

### **5. Report of the learning mission to Senegal**

Document: AFB/EFC.10/5, *Report of the learning mission to Senegal.*

Background: The Board at its 17<sup>th</sup> meeting decided to approve and make a budgetary allowance for a learning mission to the programme "Adaptation to coastal erosion in vulnerable areas of Senegal" implemented by the national implementing entity (NIE) Centre de Suivi Ecologique (CSE).<sup>4</sup> The Board approved the terms of reference for the mission during the intersessional period.<sup>5</sup>

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<sup>1</sup> Document AFB/EFC.7/5.

<sup>2</sup> Decision B.16/22.

<sup>3</sup> Decision B.18/27.

<sup>4</sup> Decision B.17/16.

<sup>5</sup> Decision B.18-19/13

The learning mission took place from November 5 to 9, 2012. The secretariat will present the report contained in document ASFB/EFC.10/5 for consideration by the EFC.

Action expected: The EFC will be invited to consider the report presented by the secretariat.

## **6. Report on delays in Eritrea project start-up**

Document: None.

Background: At its 18<sup>th</sup> meeting the Board considered delays in the startup of the proposal “Climate change adaptation programme in water and agriculture in Anseba region in Eritrea” and decided to: (a) Grant a final extension, in accordance with the request of the Government of Eritrea, of six months to 17 October 2012 to UNDP for the startup of the proposal; (b) Request UNDP and the Designated Authority (DA) of Eritrea to present a detailed report to the 10th meeting of the EFC including an explanation on the need to modify the project document and progress made by the government of Eritrea in the long-term national development plan in accordance with the Operational Policy and Guidelines for parties to access resources from the Adaptation Fund, paragraph 65. A decision will be made based on the explanation provided; (c) Inform UNDP and the DA of Eritrea that if implementation of the project has not commenced by the time of the 19th Adaptation Fund Board meeting in October 2012, the project could be cancelled; and (d) Request the secretariat to provide information, when available, regarding the level of implementation of all approved projects, and when necessary, emphasize to the concerned parties the need to adhere to the Adaptation Fund Operational Policies and Guidelines with regards to timelines for project implementation, based on date of approval by the Board<sup>6</sup>. UNDP communicated informally to the secretariat in late October 2012 that the project in Eritrea was about to start. On November 12, 2012, UNDP submitted the inception report. According to the report the inception workshop had taken place on November 6.

Action expected: The EFC will be invited to consider the information provided by UNDP on the startup of the project in Eritrea and make a recommendation to the Board for approval.

## **7. Revised standard legal agreement**

Document: AFB/EFC.10/6, *Revised standard legal agreement*.

Background: At its 18<sup>th</sup> meeting the Board considered the disbursement requests of second tranches by implementing entities and decided to request the secretariat to present a revised version of the standard legal agreement, aligning the approval of the annual performance reports with the disbursement of tranches, as per decision B.16/21.<sup>7</sup> The secretariat prepared the revised legal agreement contained in document AFB/EFC.10/6 for consideration by the EFC.

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<sup>6</sup> Decision B.18/38.

<sup>7</sup> Decision B.18/39.

Action expected: The EFC will be invited to consider the revised standard legal agreement contained in document AFB/EFC.10/6 and make a recommendation to the Board for approval.

## **8. Implementation of the code of conduct**

Document: None.

Background: The Board at its 17<sup>th</sup> meeting decided to request accredited implementing entities to abstain from providing assistance to Board members/alternates for lobbying activities that may undermine the integrity and professionalism of the Board's work, and also requested the secretariat to consider draft amendments to the code of conduct for consideration at the 10<sup>th</sup> EFC meeting.<sup>8</sup> The secretariat concluded that guidance from the Board would be required on the following issues: a) definition of "lobbying activities" and b) internal procedure at the EFC/Board level to deal with such cases. In addition, under this agenda item EFC members can raise any issues related to the implementation of the code of conduct for deliberation by the EFC. At its 18<sup>th</sup> meeting the Board decided to: (a) Reconfirm that the issue of lobbying is addressed under the current code of conduct; (b) Request Board members to submit their views on how to address cases of lobbying through the implementation of the code of conduct, including an internal procedure to deal with such cases, by 31 August, 2012; and (c) Request the secretariat to submit to the 10<sup>th</sup> meeting of the EFC a proposal on how to strengthen the implementation of the code of conduct with respect to lobbying, taking into account the comments made by EFC and Board members during the discussion of this agenda item and their views submitted intersessionally. The secretariat did not receive any comments from Board members as of the date of issuance of this document.

Action expected: the EFC will be invited to provide guidance to the secretariat on the issues identified and to make recommendations to the Board on the issues raised, as appropriate.

## **9. Financial issues**

### *a) Fundraising campaign and strategy*

Background: The Board at its 16<sup>th</sup> meeting considered the constraints on the Fund due to the modest level of resources available, caused in part by low CER prices. The secretariat was asked to report to the Board at its 17<sup>th</sup> meeting on its fundraising activities and its negotiations with the United Nations Foundation to facilitate the collection of private donations, as well as options for a fundraising campaign and strategy in collaboration with the trustee.<sup>9</sup> A document prepared by the secretariat was considered at the 8<sup>th</sup> EFC meeting.<sup>10</sup> Following consideration of the EFC's recommendation, the

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<sup>8</sup> Decision B.17/22.

<sup>9</sup> Decision B.16/24.

<sup>10</sup> Document AFB/EFC.8/6.

Board decided to set an initial fundraising target of US\$ 100 million on an interim or experimental basis initially until the end of 2013. It also requested the secretariat to prepare a briefing note for presentation at the next meeting of the EFC on relevant ongoing mechanisms being discussed in various fora; assessments of how the Fund might benefit from selected mechanisms; and inputs from all interested stakeholders that have been collected through a public call for comment. The Board further requested that the secretariat: prepare a list of potentially relevant meetings to be organized or attended up until the end of 2012; continue exploring the interest of other potential partner entities in establishing other mechanisms to encourage individual donations; provide a detailed implementation plan for the issuance of adaptation certificates, as well as operational details and implications for the consideration of the EFC at its 9th meeting; provide further implementation and operational details on options and potential implications of facilitating cash flow management for the consideration of the EFC at its 9th meeting; and continue its analysis of the suitability and feasibility of the concepts listed in section IV.4 of document AFB/EFC.8/6 as potential fundraising mechanisms for the Fund and to report back to the EFC at its 9th meeting.

At its 18<sup>th</sup> meeting the Board considered the document presented by the secretariat and decided to: (a) Request the secretariat to: i. Proceed with all necessary arrangements and efforts to reach out to foundations and philanthropic organizations, including through informal contacts and consultations with relevant organizations, providing presentations about the Adaptation Fund and other activities in order to raise funds; ii. Report back to the Board on the outcome of the activities above no later than at the 20th Board meeting; and iii. Monitor the further development of the options submitted to the Board and inform the Board should any opportunity arise; (b) Organize a follow-up meeting on the dialogue with donors in the margins of CMP 8, in consultation with the Chair.<sup>11</sup> The secretariat will report on the signature of the agreement with the United Nations Foundation and the follow-up meeting on the dialogue with donors to be held in the margins of CMP 8.

Action expected: the EFC will be invited to consider the report by the secretariat.

*b) Financial status of the Adaptation Fund Trust Fund*

Document: AFB/EFC.10/7 *Adaptation Fund Trust Fund: Financial report prepared by the trustee (as at 30 September 2012).*

Background: The trustee will report on the financial status of the trust fund to the EFC.

Action expected: The EFC will be invited to consider and take note of the report presented by the trustee.

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<sup>11</sup> Decision B.18/32.

- c) *Reconciliation of the administrative budgets of the Board and secretariat, and the trustee for the fiscal year 2013*

Document: AFB/EFC.10/Inf.1, Reconciliation of the Board and secretariat, and trustee administrative budget for fiscal year 2013.

Background: The secretariat will present the reconciliation of the administrative budget for fiscal year 2013 to the EFC.

Action expected: the EFC will be invited to take note of the reconciled budget.

- d) *CER monetization*

Document: AFB/B.19/Inf.4, Trustee presentation: Update on status of resources and CER monetization.

Action expected: The EFC will be invited to take note of the trustee's presentation.

**10. Other matters**

Board members will be invited to discuss any other matters raised during the adoption of the agenda.

**11. Adoption of the recommendations and report**

**12. Closure of the meeting**

## PROVISIONAL TIMETABLE

### 11 December 2012

#### *Morning Session*

9:00 – 9:30	1	Opening of the meeting
	2 a)	Adoption of the agenda
	2 b)	Organization of work
9:30 – 10:15	4	Annual performance report 2012
10:15 – 10:30	6	Report on Eritrea
10:30 – 10:45		<i>Coffee break</i>
10:45 – 11:05	7	Revised legal agreement
11:05 – 11:30	8	Implementation of the code of conduct
11:30 – 12:00	9.a)	Fundraising campaign and strategy

#### *Afternoon Session*

14:30 – 15:00	10	Other matters
15:00 – 15:30	3	Investigative procedure
15:30 – 15:45		<i>Coffee break</i>
15:45 – 16:30	9.b)	Financial status of the Trust Fund

### 12 December 2012

#### *Morning Session*

10:00 – 10:15	9.c)	Reconciliation of the administrative budgets Board, secretariat, and Trustee FY13
10:15 – 10:45	9.d)	CER monetization
10:45 – 11:00		<i>Coffee break</i>

#### *Afternoon Session*

16:00 – 17:30		Adoption of the report
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