



ADAPTATION FUND

AFB/EFC.3/2
November 29, 2010

Ethics and Finance Committee
Third Meeting
Cancun, December 13, 2010

PROVISIONAL ANNOTATED AGENDA

1. Opening of the meeting

The meeting will be opened by the Chair of the Ethics and Finance Committee (EFC), Ms. Ana Fornells de Frutos (Spain, Annex I).

2. Organizational matters:

a) Adoption of the agenda

Documents: AFB/EFC.3/1 Provisional agenda and AFB/EFC.3/2 Provisional annotated 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, to be included on the agenda under item 9.

b) Organization of work

Documents: AFB/EFC.3/1 Provisional agenda and AFB/EFC.3/2 Provisional annotated agenda.

Background: The Chair will propose to the EFC the organization of work.

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

3. Results based management (RBM):

a) *Practical guide/manual on how project baselines and results based frameworks may be prepared*

Document: AFB/EFC.3/3 Project level results framework and baseline guidance document

Background: At its 10th meeting the Board approved the approach to implementing RBM as contained in document AFB/EFC.1/3/Rev.2 and the strategic results framework for the Adaptation Fund and the Adaptation Fund level effectiveness and efficiency results framework of the RBM document. The Board further decided to request the secretariat to develop, among other instruments, a practical guide or manual on how project baselines and project results frameworks may be prepared (decision B.10/13). At its 11th meeting the Board considered a proposal of guidance document developed by a consultant and requested the secretariat to submit a finalized document for review at the 12th meeting. Document AFB/EFC.3/3 contains the final proposal of guidance document.

Action expected: The EFC will be invited to consider the proposal contained in document AFB/EFC.3/3 and recommend it to the Board for approval with the changes it deems necessary.

b) *Templates for project performance reports*

Document: AFB/EFC.3/4 *Project performance report guidance document to project performance report template*

Background: At its 11th meeting the Board requested the secretariat to submit a project performance template. Document AFB/EFC.2/3 contains a proposal of the requested template that will be integrated to the guidance document as an annex.

Action expected: The EFC will be invited to consider the proposal contained in document AFB/EFC.3/4 and recommend it to the Board for approval with the changes it deems necessary.

4. Funding for project preparation costs.

Document: AFB/EFC.3/5 *Funding for project formulation costs*

Background: At its tenth meeting the Board considered this issue when discussing the report of the PPRC, and decided: a) to approve in principle funding for project formulations costs for NIEs; b) to reconsider the issue of project formulation costs for MIEs at its eleventh meeting; c) to request the secretariat to prepare a note on project formulation costs that included a discussion on the practices of international funds when awarding funding for project formulation costs and the need for an amendment to the rules of procedure or the operational policies and guidelines of the Adaptation Fund Board; and d) that the funding for project formulation costs could be awarded retroactively to NIEs once a provision was made by the Board. At its eleventh meeting the Board considered the requested document. It further requested the secretariat to reformulate the document to include a comparison of eligible activities provided by other funds for project formulation grants, to take into account guidance provided by the Board at its eleventh meeting, and to submit the document to the Board at its twelfth meeting, through the EFC. The EFC should review and finalize the process and policy of the project formulation grants focusing in particular on: the issue of unspent project funds; the procedures followed by other funds in that regard; and the determination of a flat-rate (decision B.11/18).

Action expected: The Board will be invited to consider the proposal contained in document AFB/EFC.3/5, and to make a recommendation to the Board.

5. Standard legal contract between the Board and the implementing entities

Document: AFB/EFC.3/6 *Draft standard legal agreement between the Board and the implementing entities*

Background: The Board at its eleventh meeting decided:

To request the secretariat to hire an independent legal counsel to draft the standard legal contract that the Board and the implementing entities would enter into once the Board acquired legal capacity; and to submit it for consideration

and approval by the Board at its twelfth meeting. In order to inform the process, the secretariat would circulate the approved MOU among the accredited implementing entities and request comments on the text by October 16, 2010. The independent legal counsel hired by the secretariat could seek further clarifications from the implementing entities, if need be. The standard legal contract should include a provision that guaranteed that the Operational Policies and Guidelines, and other rules and procedures approved by the Board, prevailed in case of any conflict with the implementing entities rules and procedures. If the conflict cannot be resolved, any disbursement made shall be refunded to the Adaptation Fund Trust Fund;

Pursuant to the mandate above, the secretariat circulated the MOU approved by the Board at its ninth meeting among the accredited implementing entities and requested comments. The secretariat further hired an independent legal counsel who considered the comments received and prepared the requested draft. Document AFB/EFC.3/6 contains: a) an explanatory note on the draft standard legal agreement prepared by the consultant contained in Annex I to the present document; and b) the draft standards legal agreement contained in Annex II.

Action expected: The EFC will be invited to consider the draft standard legal agreement and make a recommendation to the Board for approval.

6. Review of the operational policies and guidelines and related templates.

Document: none.

Background: the work plan approved by the Board for the fiscal year 2011 includes among the issues to be considered at the twelfth meeting the review of the operational policies and guidelines and templates, identification of the amendments needed. The PPRC and the Accreditation Panel have already started to discuss the amendments that may be necessary.

Action expected: the EFC will be invited to consider the issues whether the operational policies and guidelines and related templates may require amendments in the sections that are under the responsibility of the EFC.

7. Implementation of the code of conduct

Document: none.

Background: among the responsibilities of the EFC is to *oversee the implementation of the code of conduct and address differences in its interpretation as well as consequences of breach of the code of conduct* (code of conduct, paragraph 2.b)).

Action expected: the EFC will be invited to consider any issue related to the implementation of the code of conduct raised by any member or alternate and to make a recommendation to the Board, if deemed necessary.

8. Financial issues:

- a) *Status of resources of the Adaptation Fund Trust Fund and Administrative Trust Fund*

Document: AFB/EFC.2/5 *Financial Status of the Adaptation Fund Trust Fund*

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

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

- b) *GEF staff cross-support*

Document: AFB/EFC.3/Inf.1 *Progress report on the services provided by the GEF secretariat to the Adaptation Fund Board - fiscal year 2010 (July 1, 2009 to June 30, 2010)*

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

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

9. Other matters

Action expected: The EFC will be invited to discuss any other matters raised during the adoption of the agenda.

10. Adoption of the recommendations and report

Action expected: The EFC will be invited to adopt the report of its third meeting.

11. Closure of the meeting.