



ADAPTATION FUND

AFB/B.12/6
December 15, 2010

ADAPTATION FUND BOARD

Twelfth Meeting
Cancún, Mexico, December 14 to 15, 2010

REPORT OF THE TWELFTH MEETING OF THE ADAPTATION FUND BOARD

Introduction

1. The twelfth meeting of the Board of the Adaptation Fund of the Kyoto Protocol was held at the Universidad del Caribe in Cancún, Mexico, from December 14 to 15, 2010, back-to-back with the third meetings of the Project and Programme Review Committee (PPRC) and the Ethics and Finance Committee (EFC) of the Adaptation Fund Board. The meeting was convened pursuant to Decision 1/CMP.3 adopted at the third Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP).
2. The full list of the members and alternate members, nominated by their respective groups and elected pursuant to Decisions 1/CMP.3 and 1/CMP.4, and participating at the meeting, is attached as Annex I to the present report. A list of all accredited observers present at the meeting can be found on the Adaptation Fund website at <http://www.adaptation-fund.org/documents.html>.
3. The meeting was broadcast live through a link on the website of the Adaptation Fund, hosted by the Universidad del Caribe.

Agenda Item 1: Opening of the meeting

4. The Chair welcomed the new Board alternate members, Ms. Sally Biney (Ghana, non-Annex I Parties) and Mr. Ezzat Lewis Hannalla Agaiiby (Egypt, African Group), who had been appointed by an intersessional decision of the Board.

Agenda Item 2: Organizational matters

(a) *Adoption of the agenda*

5. The Board considered the provisional agenda contained in document AFB/B.12/1, the provisional annotated agenda contained in document AFB/B.12/2, and the provisional timetable attached to the latter document. It was also agreed to consider the following issues under agenda item 14, "Other matters": membership on the Accreditation Panel, and the decisions on Adaptation Fund issues adopted by the sixth meeting of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP).

6. The Board adopted the provisional agenda (AFB/B.12/1), as orally amended, as well as the provisional timetable, as proposed by the Chair.

1. Opening of the Meeting.
2. Organizational matters:
 - (a) Adoption of the agenda;
 - (b) Organization of work;
 - (c) Declarations of conflicts of interest.
3. Report on intersessional activities of the Chair.
4. Secretariat activities.
5. Report of the Accreditation Panel.
6. Report of the third meeting of the Project and Programme Review Committee (PPRC) on:
 - (a) Issues identified during project and programme review;
 - (b) Project and programme proposals.
7. Report of the third meeting of the Ethics and Finance Committee (EFC) on:
 - (a) Results-based management (RBM) issues;
 - (b) Funding for project preparation costs;
 - (c) Standard legal contract between the Board and implementing entities;
 - (d) Review of the operational policies and guidelines and related templates;
 - (e) Implementation of the code of conduct;
 - (f) Financial Issues:

- (i) Status of resources of the Adaptation Fund Trust Fund and Administrative Trust Fund;
 - (ii) GEF staff cross-support.
8. Issues remaining from the eleventh Board meeting:
 - (a) Initial funding priorities and resource allocation for the Adaptation Fund;
 - (b) Vulnerability;
 - (c) Accreditation of non-invited multilateral institutions.
 9. Review of the operational policies and guidelines and related templates.
 10. Presentation by the UNFCCC secretariat on privileges and immunities.
 11. CER monetization.
 12. Financial issues:
 - (a) Financial Status of the Adaptation Fund Trust Fund and Administrative Trust Fund.
 13. Election of the Chair and Vice-Chair for the period of office starting at the thirteenth meeting of the Board (March 2011).
 14. Future Board meetings.
 15. Other matters:
 - (a) Membership of the Accreditation Panel;
 - (b) Report by the Chair on COP16 and CMP6 decisions.
 16. Dialogue with civil society.
 15. Adoption of the report.
 16. Closure of the Meeting.

(b) Organization of work

7. The Board adopted the organization of work proposed by the Chair.

(c) Declarations of conflict of interest

8. The following members and alternates declared conflicts of interest:
 - (a) Mr. Amjad Abdullah (Maldives, Small-Island Developing States);
 - (b) Mr. Shawkat Ali Mirza (Bangladesh, Least-Developed Countries);

- (c) Mr. Peceli Vocea (Fiji, Small-Island Developing States);
- (d) Ms. Medea Inashvili (Georgia, Eastern Europe);
- (e) Mr. Richard Muyungi (United Republic of Tanzania, Least-Developed Countries);
- (f) Ms. Sally Biney (Ghana, Non-Annex I); and
- (g) Mr. Farrukh Iqbal Khan (Pakistan, Non-Annex I).

9. Those members left the meeting room when the discussion raised a conflict of interest.

Agenda Item 3: Report on intersessional activities of the Chair

10. The Chair, reporting on his activities during the intersessional period, said that he had received a significant number of invitations to present the work of the Board and that there had been much interest in its activities. He had attended, inter alia, a side event on the margins of a UNFCCC meeting in China, an Oxfam event in Brussels in November 2010, and a side event in connection with the meetings of CMP6 and the sixteenth meeting of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP16), at which he had raised awareness of the Adaptation Fund and answered questions about the accreditation process.

11. He had also signed an agreement with the Mexican Government in connection with the hosting of the current meeting. He had met with a representative of the United Nations Development Programme (UNDP) regarding capacity-building initiatives and the need to keep a balance between national implementing entities (NIEs) and multilateral implementing entities (MIEs) in Adaptation Fund projects, a topic on which continued discussion would be necessary. He had also written a number of articles and given interviews about the Fund.

12. He announced that the German Parliament had approved a bill that would endow the Board with legal capacity; it was expected to be signed by the President of Germany and subsequently to enter into force in January, 2011. Moreover, financing to projects had started to flow, with the signing of a memorandum of understanding (MOU) with a Senegalese NIE in November, followed by the transfer of the first tranche of the grant by the trustee. Donations had recently been pledged by the Australian Ministry of the Environment, the Minister of Environment of Brussels Capital Region, and the World Development Movement. He expressed gratitude to the donors for their generous contribution.

13. The Board took note of the report by the Chair.

Agenda item 4: Report on the activities of the secretariat

14. The Manager of the Adaptation Fund Board secretariat reported on the activities of the secretariat during the intersessional period, which were more fully described in document AFB/B.12/3. She also reported that there had been an exchange of letters between the Chair of the Adaptation Fund Board and the Government of Mexico on the subject of hosting of the present meeting and that before those letters had been signed the secretariat had consulted with the legal advisor of the United Nations Framework Convention on Climate Change (UNFCCC) to ensure that the privileges and immunities would be granted to the Board members and other participants at the present meeting. The secretariat had also sent the draft

memorandum of understanding that was prepared for the approved project “*Addressing Climate Change Risks on Water Resources in Honduras Increased Systemic Resilience and Reduced Vulnerability of the Urban Poor*” and submitted to the United Nations Development Programme (UNDP) for signature, but had been told that UNDP was not in a position to sign the memorandum of understanding at the present time.

15. Since the issuance of the report on the activities of the secretariat there had been additional changes in the membership of the Board: Mr. Jan Cedergren (Sweden, Western European and Others Group) had resigned effective January 2011 and would be replaced by Ms. Angela Churie-Kallhauge (Sweden, Western European and Others Group) as a member of the Board; Ms. Ana Fornells de Frutos (Spain, Annex I Parties) would be resigning as an alternate member as of the thirteenth meeting of the Board and had been reappointed as a member of the Board as of the same meeting; Mr. Hiroshi Ono (Japan, Annex I Parties) would be resigning as a member of the Board as of the thirteenth meeting as well and would be replaced, as an alternate member, by Mr. Yataka Matsuzawa (Japan, Annex I Parties); and, lastly, Mr. Jerzy Janota Bzowski (Poland, Eastern Europe) would be resigning as of the thirteenth meeting of the Board and would be replaced by Ms. Barbara Letachowicz (Poland, Eastern Europe) as a member of the Board.

16. The secretariat had continued to support the Accreditation Panel by screening applications for accreditation and two more requests had been received for accreditation as National Implementing Entities (NIEs) since the report on the activities of the secretariat had been issued. Those requests had not yet been forwarded to the Panel for evaluation as one of them had not yet been endorsed by a designated authority and the other had not yet been screened. It was also reported that the tool-kit for those seeking accreditation as NIEs would be finalized in January 2011 and translated into all other official languages of the United Nations thereafter. The Manager of the Adaptation Fund Board secretariat also reported that with the closure of the side-events in the climate change talks at Tianjin, China and during COP 16/CMP 6, the secretariat had completed its current work-programme to support the accreditation of NIEs (Decision B.10/19).

17. The secretariat had also recruited two new staff members: Mr. Daouda Ndiaye, the new Adaptation Officer, and Ms. Shyla Raghav, the new Adaptation Associate. Further, the Programme Assistant had resigned and the recruitment of a replacement was underway. In addition, the consultant for the communications strategy had also started working.

18. The Manager of the Adaptation Fund Board secretariat also highlighted the complications that the current project review process presented; in particular, the deadline for project submission seven weeks before each Board meeting.

19. The Board took note of the presentation on the activities of the Adaptation Fund Board secretariat.

Agenda item 5: Report of the Accreditation Panel

20. Mr. Jerzy Janota Bzowski (Poland, Eastern Europe), Chair of the Accreditation Panel, introduced the report of the fourth meeting of the Accreditation Panel, contained in document AFB/B.12/4. The Panel had received five new NIE applications and one new MIE application for accreditation. It had also reviewed two entities that had been previously reviewed but required additional information in order for the Panel to make its recommendations. Six further

applications – five for potential NIEs and one for a potential MIE – were still under review. The report also contained proposed guidelines for Designated Authorities to select an NIE.

21. Following the presentation, the Chair of the Adaptation Fund Board closed the meeting in order to discuss the applications for accreditation. Those members and alternate members of the Board with conflicts of interest also left the meeting room.

22. During the closed meeting the Board, having considered the conclusions drawn by and recommendation of the Accreditation Panel on the application of NIE 1 decided that it was not in a position to accredit the applicant. The Board further decided to instruct the secretariat to communicate the Accreditation Panel conclusions as contained in Annex II to the present report to the applicant and offer further assistance in order to identify an institution in the country that meets the fiduciary standards.

(Decision B.12/1)

23. Following a discussion of the need to provide an appropriate time-frame for the consideration of requests for accreditation to ensure the application process does not continue indefinitely, the Board decided that decisions on the accreditation of Multilateral Implementing Entities and National Implementing Entities must be taken within two consecutive meetings of the Accreditation Panel, on the understanding that the applicant would be free to resubmit its proposal at a later date.

(Decision B.12/2)

24. During the closed meeting the Board, with respect to the applicant NIE2, also decided to:

- (a) Authorize the Accreditation Panel to conduct a field mission to the applicant; and
- (b) Approve an amendment to the fiscal year 2011 budget, adding the amount of US\$ 22,000 to conduct such a field visit.

(Decision B.12/3)

Support for the activities of the Accreditation Panel

25. The Board further decided to:

- (a) Approve the position of an F-level officer to support the Accreditation Panel;
- (b) Amend the fiscal year 2011 secretariat Administrative Budget, adding US\$ 75,015 to cover the cost of the new position for the remainder of fiscal year 2011; and
- (c) Approve the job description (included as Annex VII) and authorize the secretariat to use it as a basis to develop comprehensive terms of reference for the F-level position in consultation with the Panel experts, taking into account the overall needs of the secretariat.

(Decision B.12/4)

Accreditation of the World Meteorological Organization (WMO)

26. During the closed meeting the Board decided to accredit the World Meteorological Organization (WMO) as a Multilateral Implementing Entity.

(Decision B.12/5)

Ministries as National Implementing Entities

27. The Board took up the policy issue of ministries as National Implementation Entities, raised by the Accreditation Panel in its report. Following a discussion, in which some members stressed the need for coherent treatment of the issues and for the integration of those issues into the completion of the development of a tool-kit for NIEs, the Board decided to:

- (a) Take note of the practical difficulties that the Accreditation Panel was encountering, based on experience to date, in accrediting government ministries;
- (b) Take note of the view expressed by the Accreditation Panel on the need to identify a specific unit in a ministry, in case that ministry applies for accreditation as NIE, with required responsibility and accountability for implementing Adaptation Fund projects; and
- (c) Adopt the *Guidelines for Designated Authorities to select NIEs*, outlined in Annex III, and ask the secretariat to include those guidelines on the Adaptation Fund website.

(Decision B.12/6)

Agenda Item 6: Report of the third meeting of the Project and Programme Review Committee (PPRC)

28. The Chair of the Project and Programme Review Committee (PPRC), Mr. Amjad Abdulla (Maldives, Small Island Developing States) introduced document AFB/PPRC.3/19, which contained the third report of the PPRC. In his presentation, the Chair of the PPRC said that the PPRC had met on December 13, 2010, from 9.00 a.m. until 7.15 p.m., and then again on December 14, 2010 to adopt its report, which was now before the Board for its consideration. At its third meeting the Committee had considered fifteen project proposals and had made recommendations to the Board for each of them.

29. In addition to considering the particular projects before it, the PPRC also considered several issues of a more general nature that were common to all the proposals, as well as the selection of the Chair and Vice-Chair of the Committee, the contents of the report of the Committee and the number of proposals being submitted by the Multilateral Implementing Entities (MIEs). Members had also expressed concern that insufficient attention had been paid to consultation with local stakeholders in some of the projects being proposed for consideration, and they stressed, in particular, the need to consider the issue of gender when consulting local stakeholders. Concern was also expressed about the amount of funding being requested for non-concrete activities, such as institutional strengthening and knowledge sharing, for all the projects being proposed. It was also thought it would be important to ensure that the lessons learned from the implementation of the approved projects would be disseminated internationally and within their respective regions and not simply nationally. Several members also expressed

the view that projects should be targeted at addressing the causes of vulnerability rather than increasing the capacity to respond to the impacts of climate change.

30. In particular the Committee had held some discussions on the issue of administrative costs and observed that although the Implementing Entity project management fees only represented, at most, 8.5 per cent of total funding, taken together with the other project management related fees such as execution costs, the total administrative costs were highly variable and for some of the projects approached 20 per cent of the funding being granted. It was also observed that although there had been a breakdown of the Implementing Entity project management fees in the project proposals, the other administrative costs, such as the execution costs, had not been adequately explained or itemized.

31. During the discussion of the report by the Board some members expressed their concern with the amount of funding going to administrative costs, and asked that there be some clarification of the different terms being used. In particular it was unclear what was included under "administrative costs". It was also observed that it could be expected that projects would entail execution costs in addition to managements fees and it was suggested that those execution costs should have a cap of 10 per cent.

32. The Chair of the PPRC explained that the PPRC used the terms "endorse" or "not endorse" when evaluating project concepts and that project concepts that had been recommended to be endorsed had been given a "green light" to be further elaborated and resubmitted as fully-developed project documents. Those project concepts that had not been recommended to be endorsed had been given a "yellow light" and could either be reworked and resubmitted as project concepts or reworked and submitted as fully-developed project documents. Fully-developed project documents recommended for approval, had given a "green light", while those not recommended for approved had been given a "yellow light", which meant that the PPRC required some further clarification concerning the fully-developed project before it could be recommended for approval. The recommendation to reject a fully-developed project document meant that it had been given a "red light" and that the PPRC did not expect to have to consider the project document again.

33. One member sought clarification on the actual meaning of "not-endorsing" and "rejecting". He said that the "red light" (rejection) was not a workable solution since, according to the operational policies and guidelines, paragraph 41.c), "rejected proposals can be resubmitted after consideration of the reasons for rejection". He said that the "traffic light system" should be introduced in the revision of the operational policies and guidelines.

34. The Manager of the Adaptation Fund Board secretariat explained that project funding was awarded to a country for the design of a project and that administrative costs included fees and execution costs. The Global Environment Facility (GEF) had carried out two studies on the issue of execution costs but both of those had been inconclusive, and the GEF had taken a decision to cap execution costs at 10 per cent of project funding.

35. Some also suggested that it might not be useful to simply ask the EFC to consider the issue of execution costs without first asking the secretariat to conduct a study of the issue. Others pointed out that a study might entail the recruitment of a consultant and that such a study could take some time and involve the provision of additional funding. Instead it was suggested that it might be more useful for the secretariat to conduct a desk study and that in doing so the secretariat should look beyond the experience of the GEF and consider the

experience of other funding sources such as the Multilateral Fund for the Implementation of the Montreal Protocol (MLF), as well as those NIEs that had also been accredited.

36. Having considered the comments and recommendations of the Projects and Programme Review Committee, the Adaptation Fund Board decided:

- (a) To request the secretariat to prepare a desk study on how other funding sources had considered the issue of execution costs and present that study to the Ethics and Finance Committee for its consideration; and
- (b) To request to the implementing entities that the project document included an explanation and a breakdown of all administrative costs associated with the project, including the execution costs.

(Decision B.12/7)

Election of the Chair and Vice-Chair of the Project and Programme Review Committee

37. Following a discussion, the Board decided to endorse the nominations by both Annex I and non-Annex I parties as follows:

- (a) Mr. Hans Olav Ibrekk (Norway, Western European and Others Group), will be Chair of the Project and Programme Review Committee; and
- (b) Mr. Jeffery Spooner (Jamaica, Latin American and Caribbean Countries), will be the Vice-Chair of the Project and Programme Review Committee.

(Decision B.12/8)

Contents of the report of the Committee

38. One member suggested that in the interests of transparency the report of the PPRC should contain a detailed report of the observations made by the members when discussing the projects and programmes being reviewed, as had been done at the first meeting of the PPRC. However, it was pointed out that, at its second meeting, the PPRC had decided that in the interests of confidentiality it would not record in its minutes those of a specific nature that were being transmitted to the Implementing Entities. It was suggested that the PPRC should continue with its current practice for the next few meetings rather than constantly changing its practice at each meeting. However, one member asked that the issue be placed on the agenda of the fourth meeting of the Committee.

39. During its discussion of the report by the Board it was requested that at future meetings of the Board further information would be provided on how the PPRC came to make recommendations on projects. It was suggested that when considering the recommendations of the Committee, and in order to understand its reasoning, the Board could be provided with a simple checklist of the elements that had been taken into consideration when deciding on whether projects be endorsed or approved, not endorsed or not approved, or rejected. The Chair concluded that the PPRC could provide a summary of the reasons that motivated the decisions with an attached checklist format.

Proposals by Multilateral Implementing Entities

40. Several members expressed their concern at the large number of projects that had been submitted by Multilateral Implementing Entities (MIEs), and reminded the committee that the purpose of the Adaptation Fund was to facilitate direct access to the Fund. It was a matter of concern that only three National Implementing Entities (NIEs) had been accredited, and that only one project from an NIE had been approved. The committee was also reminded that some MIEs, such as the World Bank, had refrained from submitting proposals during the initial period of project approvals in order to facilitate the direct access mechanism, while other MIEs had submitted a large number of projects. The committee was also reminded that at CMP6, workshops had been approved to help facilitate the process of the creation of NIEs. It was suggested that it might be possible to consider placing caps on the number of projects being submitted by MIEs or by individual MIEs, but it was agreed that the issue should be considered by the Adaptation Fund Board.

41. During the discussion it was noted that UNDP was not in a position to sign a memorandum of understanding with the Adaptation Fund Board. Thus, it was unable to start implementation of the approved projects it had submitted.

42. It was also observed that, although some MIEs had held off from making proposals during the initial stage of the creation of NIEs, others had continued to submit a large number of projects. In addition, as CMP6 had taken a decision to conduct regional workshops in order to familiarize Parties with the process and the requirements of the accreditation of NIEs, a strong signal had to be sent to the MIEs to refrain from submitting so many projects or else the approval of projects would be skewed in favor of those being proposed by MIEs.

43. It was also observed that at the eleventh meeting of the Board it had been suggested that the Board might have to consider placing a cap on the number of projects being proposed by MIEs. That cap might be on the total number of projects from MIEs that might be considered by any given meeting of the PPRC, or it might be a cap on the total funding that MIEs might be allowed to access from the Adaptation Fund, expressed as a percentage of the total amount of funding available to the Adaptation Fund. It was also observed that a single MIE had submitted most of the projects; therefore it was suggested that in addition to the cap on the total funding or projects being awarded to MIEs there might also be a cap within the cap so that the total being awarded to an MIE was also being limited. However, it was also pointed out that such a cap within a cap could reduce the quality of the projects being proposed; for when all the MIEs were competing for the same funding it would only be the best projects being proposed that would be approved by the Board.

44. The Chair made a proposal to limit the cumulative budget allocation for MIEs to fifty per cent of the funds available at the start of each Board meeting. He also proposed that in implementing and executing projects, the MIEs should include a capacity building component aimed at accreditation of an NIE in the country that had submitted the project. The capacity building component should be financed through support from bilateral donors or financial resources other than the Adaptation Fund. In the case of already approved projects, the MIE should resubmit the capacity building component, including its source of financing to the secretariat not later than three months after the conclusion of the memorandum of understanding. He added that the trustee should provide an update of the funds approved for projects implemented by NIEs and MIEs at each meeting; and eventually the decision would be reviewed at the fourteenth meeting. It was pointed that it might not be convenient to require MIEs to help build capacity for the accreditation of NIEs in a country as a condition for approving an adaptation project for a country, as not all MIEs were in a position to do so. The view was expressed that MIEs were competitors with NIEs for funding from the Adaptation Fund. It might

also not be wise to encourage MIEs to seek funding for capacity building from bilateral donors as that might restrict the funding that they might otherwise directly award to a country for such capacity building for NIEs. There were others who were as well placed as MIEs to help promote NIEs, such as non-governmental organization or those NIEs that had already been approved.

45. Following a discussion, during which the Board considered a number of options to promote and facilitate the access by NIEs to the resources of the Adaptation Fund, including the need to both cap the amount of funding allocated to MIEs and the need to also cap the funds allocated to each MIE within a general cap on all MIEs, as well as the need to keep any such decision under regular review, the Board decided:

- (a) That the cumulative budget allocation for funding projects submitted by MIEs, should not exceed 50 per cent of the total funds available for funding decisions in the Adaptation Fund Trust Fund at the start of each session. That cumulative allocation would be subject to review by the Board on the recommendation of the Project and Programme Review Committee at subsequent sessions;
- (b) To request the Trustee to provide an update on the amount of funds that have been approved for projects implemented by NIEs and MIEs at each meeting of the Adaptation Fund Board; and
- (c) To review the implementation of this decision at the fourteenth meeting of the Adaptation Fund Board.

(Decision B.12/9)

46. Following its discussions the Board also heard a presentation by Mr. Nigel Coulson, Policy Advisor of the Capacity Development Group, UNDP, on an UNDP-UNEP-WB led NIE support programme for the Adaptation Fund.

Project Review Cycle

47. Members of the PPRC asked that they be given at least a week to consider the project documents before the meeting of the PPRC, and that once the documents had been issued no new information could be received during that period from either the Implementing Entities or the countries considered. It was also suggested that in that the project review cycle might need to be lengthened to nine weeks in order to accommodate the additional week required for the PPRC to review the project proposals.

48. Following a discussion the Board decided that:

- (a) For project proposals to be considered by the Project and Programme Review Committee (PPRC) they would have to be submitted to the secretariat for technical review nine weeks before the meeting of the PPRC at which the project proposals would be considered;
- (b) The PPRC would only consider those projects that had received a technical review by the secretariat, and which had then been circulated to the members of the PPRC at least seven days before a meeting of the PPRC; and

- (c) Projects being submitted for consideration to the fourth meeting of the PPRC must be submitted to the secretariat for technical review no later than 12 January 2011.

(Decision B.12/10)

49. The Chair of the PPRC also said that in light of the heavy workload of the PPRC it might be necessary for the PPRC, at some future date, to meet for more than one day in order to consider all the projects before it. This suggestion was noted by the Board.

Cook Islands: Enhancing resilience of communities of Cook Islands through integrated climate change adaptation and disaster risk management measures (UNDP) (AFB/MIE/DDR/2010/2)

50. Having considered the comments and recommendations of the Projects and Programme Review Committee, the Adaptation Fund Board decided to:

- (a) Endorse the project concept, as supplemented by the additional information provided by the United Nations Development Programme (UNDP) in response to the request made by technical review;
- (b) Request the secretariat to transmit to UNDP the observations made by the secretariat and by the members of the Project and Programme Review Committee (PPRC) on the project when discussing it at the third meeting of the PPRC;
- (c) Request that UNDP transmit the observations made in paragraph (b) above to the Government of the Cook Islands; and
- (d) Encourage the Government of the Cook Islands to submit through the UNDP a fully-developed project proposal that would address the observations under paragraph (b) above.

(Decision B.12/11)

Ecuador: Enhancing resilience of communities to the adverse effects of climate change on food security, in Pichincha Province and the Jubones River Basin (WFP) (AFB/MIE/Food/2010/4)

51. Having considered the comments and recommendations of the Projects and Programme Review Committee, the Adaptation Fund Board decided to:

- (a) Endorse the project concept, as supplemented by the additional information provided by the World Food Programme (WFP) in response to the request made by the technical review;
- (b) Request the secretariat to transmit to the (WFP) the observations made by the secretariat and by the members of the Project and Programme Review Committee on the proposal when discussing it at its third meeting;
- (c) Request WFP to transmit the observations referred to in paragraph (b) above to the Government of Ecuador; and
- (d) Encourage the Government of Ecuador to submit through the WFP a fully-developed project proposal that would address the observations under paragraph (b) above.

(Decision B.12/12)El Salvador: Promoting climate change resilient infrastructure development in San Salvador Metropolitan Area (UNDP) (AFB/MIE/Infra/2010/1)

52. Having considered the comments and recommendations of the Projects and Programme Review Committee, the Adaptation Fund Board decided to:

- (a) Endorse the project concept, as supplemented by the additional information provided by the United Nations Development Programme (UNDP) in response to the request made by the technical review;
- (b) Request the secretariat to transmit to UNDP the observations made by the secretariat and by the members of the Project and Programme Review Committee on the proposal when discussing it at its third meeting;
- (c) Request that UNDP transmit the observations referred to in paragraph (b) above to the Government of El Salvador; and
- (d) Encourage the Government of El Salvador to submit, through UNDP, a fully-developed project proposal that would address the observations referred to in paragraph (b) above.

(Decision B.12/13)Eritrea: Climate change adaptation programme in water and agriculture in Anseba Region, Eritrea (UNDP) (AFB/MIE/Rural/2010/2)

53. In considering the recommendation the Chair of the PPRC was asked whether a decision not to approve a fully-developed project document meant that the proposal would have to be resubmitted as concept before being resubmitted as a fully-developed project document. The Chair of the PPRC explained that in the present case the project was not recommended for approval because of some gaps that needed to be clarified before a memorandum of understanding could be signed and consequently here was a need for some revision of the fully-developed project document before it could be recommended for approval.

54. Having considered the comments and recommendations of the Projects and Programme Review Committee, the Adaptation Fund Board decided to:

- (a) Not approve the fully-developed project document, as supplemented by the additional information provided by the United Nations Development Programme (UNDP) in response to the request made by the technical review;
- (b) Request that UNDP revise the proposal taking into account the observations made by the secretariat and by the members of the Project and Programme Review Committee on the proposal when discussing it at its third meeting; and
- (c) Request UNDP to transmit the observations referred to in paragraph (b) above to the Government of Eritrea, on the understanding that the proposal could be resubmitted for consideration.

(Decision B.12/14)Fiji: Enhancing resilience of Rural Communities to Flood and Drought-Related Climate Change and Disaster Risks in the Ba Catchment Area of Fiji (UNDP) (AFB/MIE/DDR/2010/3)

55. Having considered the comments and recommendations of the Projects and Programme Review Committee, the Adaptation Fund Board decided to:

- (a) Not endorse the project concept, as supplemented by the information provided by the United Nations Development Programme (UNDP) in response to the request made by the technical review;
- (b) Request the secretariat to transmit to UNDP the observations made by the secretariat and by the members of the Project and Programme Review Committee on the proposal when discussing it at its third meeting; and
- (c) Request UNDP to transmit the observations referred to in paragraph (b) above to the Government of Fiji, on the understanding that a revised concept might be submitted at a later date.

(Decision B.12/15)Georgia: Developing Climate Resilient Flood and Flash Flood Management Practices to Protect Vulnerable Communities of Georgia (UNDP) (AFB/MIE/DDR/2010/4)

56. Having considered the comments and recommendations of the Projects and Programme Review Committee, the Adaptation Fund Board decided to:

- (a) Endorse the project concept, as supplemented by the additional information provided by the United Nations Development Programme (UNDP) in response to the request made by the technical review;
- (b) Request the secretariat to transmit to UNDP the observations made by the secretariat and by the members of the Project and Programme Review Committee on the proposal when discussing it at its third meeting; and
- (c) Request that UNDP transmit the observations referred to under paragraph (b) above to the Government of Georgia; and
- (d) Encourage the Government of Georgia to submit, through the UNDP, a fully-developed project proposal that would address the observations referred to in paragraph (b) above.

(Decision B.12/16)India: Integrating Climate Risks and Opportunities into the Mahatma Gandhi National Rural Employment Guarantee Programme (MGNREGP) (UNDP) (AFB/MIE/Rural/2010/3)

57. Clarification was sought as to whether the project could be resubmitted. It was explained that the recommendation to reject was a red light by the PPRC but that the Operational Policies and Guidelines left it open for countries to resubmit a proposal that had

been rejected. However, it was the understanding of the Board that the project should not be re-submitted to the Adaptation Fund Board.

58. Having considered the comments and recommendations of the Projects and Programme Review Committee, the Adaptation Fund Board decided to:

- (a) Reject the project concept, as supplemented by the additional information provided by the United Nations Development Programme (UNDP) in response to the request made by the technical review;
- (b) Request the secretariat to transmit to the UNDP the observations made by the secretariat and by the members of the Project and Programme Review Committee on the proposal when discussing it at its third meeting; and
- (c) Request that UNDP transmit the observations referred to under paragraph (b) above to the Government of India.

(Decision B.12/17)

Maldives: Increasing climate resilience through an Integrated Water Resource Management Programme in HA. Ihavandhoo, ADh. Mahibadhoo and GDh. Gadhdhoo Island (UNDP) (AFB/MIE/Water/2010/6)

59. Mr. Hans Olav Ibrekk (Norway, Western European and Others Group) chaired the meeting for the consideration of the remaining projects.

60. Having considered the comments and recommendations of the Projects and Programme Review Committee, the Adaptation Fund Board decided to:

- (a) Endorse the project concept, as supplemented by the additional information provided by the United Nations Development Programme (UNDP) in response to the request made by the technical review;
- (b) Request the secretariat to transmit to UNDP the observations made by the secretariat and by the members of the Project and Programme Review Committee on the proposal when discussing it at its third meeting;
- (c) Request that UNDP transmit the observations referred to under paragraph (b) above to the Government of the Maldives; and
- (d) Encourage the Government of the Maldives to submit through the UNDP a fully-developed project proposal that would address the observations under paragraph (b) above.

(Decision B.12/18)

Mauritius: Climate change adaptation programme in the coastal zone of Mauritius (UNDP) (AFB/MIE/Coastal/2010/2)

61. Having considered the comments and recommendations of the Projects and Programme Review Committee, the Adaptation Fund Board decided to:

- (a) Not approve the fully-developed project document, as supplemented by the additional information provided by the United Nations Development Programme (UNDP) in response to the request made by the technical review;
- (b) Request that UNDP to revise the proposal taking into account the observations made by the secretariat and by the members of the Project and Programme Review Committee on the proposal when discussing it at its third meeting; and
- (c) Request that UNDP transmit the observations referred to under paragraph (b) above to the Government of Mauritius, on the understanding that the proposal could be resubmitted for consideration.

(Decision B.12/19)

Nicaragua: Reduction of Risks and Vulnerability Based on Flooding and Droughts in the Estero Real River Watershed (UNDP) (AFB/MIE/Water/2010/1)

62. Having considered the comments and recommendations of the Projects and Programme Review Committee, the Adaptation Fund Board decided to:

- (a) Approve the fully-developed project document, as supplemented by the additional information provided by the United Nations Development Programme (UNDP) in response to the request made by the technical review;
- (b) Request the secretariat to draft a memorandum of understanding with UNDP as the Multilateral Implementing Entity for the project; and
- (c) Request that UNDP transmit the observations referred to under paragraph (b) above to the Government of Nicaragua.

(Decision B.12/20)

Pakistan: Reducing Risks and Vulnerability from Glacier Lake Outburst Floods in Northern Pakistan (UNDP) (AFB/MIE/DDR/2010/1)

63. Having considered the comments and recommendations of the Projects and Programme Review Committee, the Adaptation Fund Board decided to:

- (a) Approve the fully-developed project document, as supplemented by the additional information provided by the United Nations Development Programme (UNDP) in response to the request made by the technical review;
- (b) Request the secretariat to draft a memorandum of understanding with UNDP as the Multilateral Implementing Entity for the project; and
- (c) Request that UNDP transmit the observations referred to under paragraph (b) above to the Government of Pakistan.

(Decision B.12/21)

Papua New Guinea: Enhancing adaptive capacity of communities in Papua New Guinea to climate change and disaster risks in the Coastal and Highland regions (UNDP) (AFB/MIE/DDR/2010/5)

64. Having considered the comments and recommendations of the Projects and Programme Review Committee, the Adaptation Fund Board decided to:

- (a) Not endorse the project concept, as supplemented by the additional information provided by the United Nations Development Programme (UNDP) in response to the request made by the technical review;
- (b) Request the secretariat to transmit to the UNDP the observations made by the secretariat and by the members of the Project and Programme Review Committee on the proposal when discussing it at its third meeting; and
- (c) Request that UNDP transmit the observations referred to under paragraph (b) above to the Government of Papua New Guinea, on the understanding that the proposal could be resubmitted for consideration.

(Decision B.12/22)

Solomon Islands: Enhancing resilience of communities in Solomon Islands to the adverse effects of climate change in agriculture and food security (UNDP) (AFB/MIE/Food/2010/1)

65. Having considered the comments and recommendations of the Projects and Programme Review Committee, the Adaptation Fund Board decided to:

- (a) Not approve the fully-developed project document, as supplemented by the additional information provided by the United Nations Development Programme (UNDP) in response to the request made by the technical review;
- (b) Request UNDP to revise the proposal taking into account the observations made by the members of the Project and Programme Review Committee on the proposal when discussing it at its third meeting; and
- (c) Request that UNDP transmit the observations referred to under paragraph (b) above to the Government of the Solomon Islands, on the understanding that the proposal could be resubmitted for consideration.

(Decision B.12/23)

Tanzania (United Republic of): Implementation of concrete adaptation measures to reduce vulnerability of livelihood and economy of coastal and lakeshore communities in Tanzania (UNEP) (AFB/MIE/Coastal/2010/3)

66. Having considered the comments and recommendations of the Projects and Programme Review Committee, the Adaptation Fund Board decided to:

- (a) Not approve the fully-developed project document, as supplemented by the additional information provided by the United Nations Environment Programme (UNEP) in response to the request made by the technical review;
- (b) Request UNEP to revise the proposal taking into account the observations made by the secretariat and by the members of the Project and Programme Review Committee on the proposal when discussing it at its third meeting;
- (c) Request that UNEP transmit the observations referred to under paragraph (b) above to the Government of the United Republic of Tanzania, on the understanding that the proposal could be resubmitted for consideration.

(Decision B.12/24)

Turkmenistan: Addressing climate change risks to farming systems in Turkmenistan at national and community levels (UNDP) (AFB/MIE/Water/2010/2)

67. Having considered the comments and recommendations of the Projects and Programme Review Committee, the Adaptation Fund Board decided to:

- (a) Not approve the fully-developed project document, as supplemented by the additional information provided by the United Nations Development Programme (UNDP) in response to the request made by the technical review;
- (b) Request UNDP to revise the proposal taking into account the observations made by the secretariat and by the members of the Project and Programme Review Committee on the proposal when discussing it at its third meeting; and
- (c) Request that UNDP transmit the observations referred to under paragraph (b) above to the Government of Turkmenistan, on the understanding that the proposal could be resubmitted for consideration.

(Decision B.12/25)

68. A list of the Board approved funding for the project and programme concepts, fully-developed projects and fully-developed programmes approved by the Board at its present meeting is contained in Annex IV to the present report.

Agenda Item 7: Report of the third meeting of the Ethics and Finance Committee (EFC)

69. The Chair of the EFC, Ms. Ana Fornells de Frutos (Spain, Annex I Parties), introduced document AFB/EFC.3/L.1, which contained the third report of the EFC. She thanked the members of the EFC for their hard work and said that the main topics addressed during the discussion had been the results-based management (RBM) practical guide/manual; templates for project performance reports; funding for project preparation costs; a standard legal agreement between the Board and the Implementing Entities (IEs); a review of operational policies and guidelines; the code of conduct; status of resources of the Adaptation Fund Trust

Fund; GEF staff cross-support; and other matters. She asked the Board for its comments on the draft Committee report.

Results-based management

70. Having considered the recommendation of the Ethics and Finance Committee (EFC) and the presentation by the Chair of the EFC on the *Project Level Results Framework and Baseline Guidance* document (AFB/EFC.3/3), the Adaptation Fund Board decided to:

- (a) Invite technical comments on the guidance be sent to the secretariat and taken into consideration by February 14, 2011;
- (b) Request the secretariat to move forward and pilot the document by national accredited entities by February 14, 2011;
- (c) Instruct the secretariat to have the document finalized by the thirteenth Board meeting (March 2011);
- (d) Ensure the completion of a professionally edited, formatted web-based version by the fourteenth Board meeting (June 2011); and
- (e) Develop an overall knowledge management strategy for the Fund to be presented to the Board at its fourteenth Board meeting (June 2011).

(Decision B.12/26)

Templates for project performance reports

71. Having considered the recommendation of the Ethics and Finance Committee, the Board decided to:

- (a) Approve the reporting process;
- (b) Approve the project/programme reporting sections and instruct the secretariat to fully develop each section; and
- (c) Request the secretariat to move forward with the proposed time frame and implementation plan outlined in section five of the document.

(Decision B.12/27)

Funding for project preparation costs

72. Having considered the recommendation of the Ethics and Finance Committee, the Board decided that:

- (a) Project Formulation Grants (PFGs) will only be made available for projects submitted through NIEs. The Board would continue reviewing the question of PFGs for projects submitted through MIEs and would solicit comments from members and alternate members by February 14, 2011; the views would be compiled by the secretariat for presentation to the Board at its March 2011 meeting;

- (b) If a country required a project formulation grant, a request should be made at the same time as the submission of a project concept to the secretariat. The secretariat will review and forward it to the PPRC for a final recommendation to the Board. A PFG could only be awarded when a project concept was presented and endorsed;
- (c) A PFG form, reproduced in Annex V, should be submitted;
- (d) Only activities related to country costs would be eligible for PFG funding;
- (e) A flat rate of up to US\$30,000 shall be provided, inclusive of the management fee, which cannot exceed 8.5 per cent of the grant amount. The flat fee would be reviewed by the Board at its thirteenth and all subsequent meetings;
- (f) If the final project document is rejected, any unused funds shall be returned to the Adaptation Fund Trust Fund;
- (g) Once a project/programme formulation grant is disbursed, a fully developed project document should come to the Board for approval within 12 months. No additional grants for project preparation can be received by a country until the fully developed project/programme document has been submitted to the Board; and
- (h) The Trustee was instructed to remove the set-aside of US\$100,000 for project preparation that had been decided at the June 2010 meeting, as project preparation would be approved on a project-by-project basis.

(Decision B.12/28)

Standard legal Agreement between the Board and the implementing entities

73. The Chair of the EFC pointed out that the draft standard legal agreement, contained in document AFB/EFC.3/6, between the Board and IEs was now called an Agreement rather than a “contract” in accordance with the international legal practice, and that some paragraphs had been expanded or rearranged. The Agreement reaffirmed that the IE must carry out all its obligations under the Agreement in accordance with the Fund’s operational policies and guidelines, which would prevail in case of inconsistency with IE rules. Any references to funds being “refunded to the Board” should read “refunded to the Adaptation Fund Trust Fund, through the Trustee”.

74. Taking into consideration the concerns expressed by the International Fund for Agricultural Development (IFAD), some members expressed the view that those concerns could be addressed by clarifying certain terms of the draft agreement. The utilization of the term “overall management” of the project was in line with the GEF Trust Fund’s terminology for implementing agencies (project management activities). The term was meant to capture the fact that an implementing entity must manage and be accountable for a project throughout the entire project cycle from project concept through project completion and final evaluation. That would encompass supervising work carried out by executing entities and full responsibility for that work.

75. Following a discussion, and pursuant to the recommendation of the EFC, the Board decided to approve the draft standard legal agreement contained in Annex VI to the present

report, as amended by the Committee. The standard legal agreement would apply once the law conferring legal capacity to the Board had entered into force in Germany, which was expected to occur in January 2011.

(Decision B.12/29)

Review of the operational policies and guidelines and related templates

76. Following a discussion during which several amendments were suggested, and having considered the recommendation of the Ethics and Finance Committee, as amended, the Board decided to:

- (a) Request the secretariat to present a preliminary draft of the revisions that might be required of the operational policies and guidelines for consideration by the next Board meeting, incorporating any decisions and/or amendments thus far proposed by the PPRC, EFC and AP; and
- (b) Request that the project proponents submit a disbursement schedule with time-bound milestones together with the fully developed project document.

(Decision B.12/30)

Implementation of the code of conduct

77. The Board was invited to consider any issue related to the implementation of the code of conduct raised by any member or alternate.

78. Having considered the recommendation of the Ethics and Finance Committee, the Board decided to retain the item on the agenda of each meeting of the EFC; and that closed deliberations should be held if the topic being discussed could affect the interests of international organizations or third parties.

(Decision B.12/31)

Election of the Chair and Vice-Chair of the Ethics and Finance Committee

79. The Board decided to approve the election of Mr. Mirza Shawkat Ali (Bangladesh, Non-Annex I Parties) as Chair and Ms. Iryna Trofimova (Ukraine, Annex I Parties) as Vice-Chair of the Ethics and Finance Committee for a term beginning in March 2011 and ending in March 2012.

(Decision B.12/32)

Facilitating private donations

80. Following a discussion, in which it was noted that any decision on new ways of facilitating private donations would have to be approved by two thirds of the members of the Board, and having considered the recommendation of the Ethics and Finance Committee, the Board decided to request the Trustee:

- (a) To continue to explore a three-tier approach for facilitating private donations, consisting of the Trustee's signing of donation agreements with sovereign contributors (as is already the case); developing a protocol by which other, non-sovereign entities that had expressed interest in donating could contact the Trustee and receive banking details by e-mail; or making it feasible for smaller entities or individuals to contribute by clicking a link through the Adaptation Fund website. The Trustee was also asked to determine any costs that the use of the new options might entail.
- (b) To submit the information to the Chair of the Ethics and Finance Committee, with the proviso that the Board would take an intersessional decision on the matter based on the information provided by the Trustee. When undertaking this task, the Board, secretariat, and Trustee should bear in mind the integrity of the Fund.

(Decision B.12/33)

Future mandate of the Committees

81. Following a discussion, the Board decided that questions concerning the role and structure of the Committees of the Board would continue to be reviewed by the Committees at future meetings, bearing in mind the terms of reference of the Committees.

(Decision B.12/34)

Agenda Item 8: Issues remaining from the eleventh meeting of the Adaptation Fund Board

a) Initial funding priorities and resource allocation for the Adaptation Fund

82. The Manager of the Adaptation Fund Board secretariat introduced document AFB/B.12/5, on initial funding priorities, which had been prepared pursuant to Board decision B.11/17, taken at the eleventh meeting, requesting a reformulation of the criteria for prioritization among different projects if they contained any discrepancy with the UNFCCC. Two changes had been made: the paragraphs referring to members of the Organization for Economic Cooperation and Development (OECD) and non ODA countries had been removed; and the paragraphs referring to least-developed countries (LDCs) had been clarified to ensure that there was no duplication of funding sources. Since LDCs had access to resources from the Least-Developed Countries Fund (LDCF), priority could be given to projects presented by LDCs only if the LDCF did not fund the same sector in the country.

83. Some Committee members expressed concern that the word "sector" could be applied too narrowly. One member asked why an additional value of US\$ 2 million would apply if the country was a small-island developing State. Concern was expressed about how to ensure a fair distribution of funds, and how to overcome the stumbling blocks that were preventing progress being made on the issue.

84. The Chair circulated a proposal of his own, entitled "Draft Terms of Reference of the Adaptation Fund Board Advisory Panel," which he hoped would help the Board move forward. It provided for a new body of experts to be established with a view to develop criteria for

prioritizing funding decisions on project and programmes and any other tasks the Board might request it to undertake in future decisions.

85. Some members welcomed the proposal, saying that guidance was needed from an external body and that it was worth a try. Others were of the view that the time was not right for creating yet another body. The Chair offered to appoint a small committee, composed of selected Board members, to study the draft terms of reference and submit its views to the thirteenth meeting of the Board.

86. Having considered the presentation by the Manager of the Adaptation Fund Board secretariat and the Chair's proposal on the possibility of creating an Advisory Panel, the Board decided that:

- (a) It would defer further consideration of the item until the thirteenth meeting of the Board.

(Decision B.12/35)

b) Vulnerability

87. The Chair announced that, owing to a shortage of time, discussion of the item would be deferred until the fourteenth Board meeting.

c) Accreditation of non-invited multilateral institutions

88. The Chair announced that he had informed the non-invited multilateral institutions which had expressed interest in attending meetings of the Board that the Board was considering the options and that those institutions would be notified of its decision in due course.

Agenda item 9: Review of the operational policies and guidelines and related templates

89. The Chair said that the EFC had dealt with the item and that a preliminary draft would be presented by the secretariat and EFC to the Board, incorporating any decisions and/or amendments thus far proposed by the PPRC, EFC and Accreditation Panel. The draft would focus on possible further amendments and lessons learned. The review of the operational policies and guidelines would also clarify the various decision modalities and terminologies that could be used by the Board in indentifying the status of project/programme applications.

90. The Board took note of the Chair's statement.

Agenda item 10: Presentation by UNFCCC secretariat on privileges and immunities

91. Ms. Nattley Williams, legal advisor of UNFCCC, made a presentation updating the situation of privileges and immunities for members and alternates of the Adaptation Fund Board. She said that there was currently no provision in UNFCCC or the Kyoto Protocol to cover that situation, and that the Executive Secretary of the UNFCCC was taking steps to reduce complaints and claims, minimize the legal risks and contact the Kyoto Protocol party or parties concerned. Negotiations were still being held on draft provisions to be included in proposals by parties for a new UNFCCC Protocol and Kyoto Protocol amendment.

92. The Board took note of the presentation.

Agenda item 11: CER monetization

93. The Board heard an update by the Trustee on the CER monetization programme. For the past five months, short-term daily CER prices had fluctuated considerably, driven by supply and demand issues. On a long-term basis, however, CER prices had remained in a trading range of about €11 to €15 per ton. The spread between European Union Allowances (EUA) and CER prices had narrowed in reaction to CER supply disruption, but had then widened when supply returned to the market. CER issuance in November, although low in June and July, had jumped to 24.8 million, the highest monthly total ever.

94. In late November, the European Union had proposed a ban on HFC 23 and N20 projects, which would apply to both clean development and joint implementation schemes and would take effect on January 1, 2013. Together, HFC and N20, known as industrial gas projects, had constituted 70 per cent of all CERs. In North America, the defeat of Proposition 23 in California, which would have delayed cap and trade implementation, had been an important development.

95. As a result of the CER monetization programme, 7.68 million CER tons had been sold through exchanges and dealers (“over the counter”), generating receipts of US\$ 130.6 million at a monthly average price of €12.60 per ton, up from €12.53 last quarter. Potential resources from monetization until end 2012 remained at approximately US\$ 330 million.

96. In response to a question about what effect the creation of major offsetting schemes in North America would have on the price of CERs, the Trustee explained that CER prices are influenced by many factors, but that such schemes would likely increase the demand for CERs, therefore providing a positive influence on CER prices.

97. Following the discussion, the Board took note of the presentation by the Trustee.

Agenda item 12: Financial issues

a) Financial status of the Adaptation Fund Trust Fund

98. The Trustee presented the report on the Financial Status of the Adaptation Fund Trust Fund as at October 31, 2010 (AFB/EFC.3/Rev.1). The Trustee also provided the Board with an update on recent events, including additional CER monetization revenues since the date of the Financial Status report. Total funding available for new commitments by the Adaptation Fund Board at October 31, 2010, amounted to US\$ 143.5 million, net of funding decisions and project concept endorsements by the Board.

99. The Trustee reported that since October 31, 2010, the donation agreement with Sweden (SEK 100 million) has been fully executed and a draft donation agreement with the Brussels Capital Region (EUR 1 million) is in the process of being finalized. The Trustee also reported receipt in October of the contribution from Germany (EUR 10 million).

100. The Trustee informed the Board that the first cash transfer from the Adaptation Fund Trust Fund to a National Implementing Entity had been made in November 2010, representing the first such transfer under the direct access mechanism.

101. Finally, the Trustee reported that the external audit of the Adaptation Fund Trust Fund was in the final stages of preparation by the World Bank's external auditors, and would be provided to the Board once it had been completed. The Trustee also reported that that Bank's external Single Audit of all World Bank trust funds, which included the Adaptation Fund Trust Fund and the Administrative Trust Fund, was also available to the Board and to the public on the World Bank's website (<http://go.worldbank.org/PCC0YDJH80>) and that there was no additional cost to the AF for inclusion in the Bank's Single Audit.

102. The Board considered and took note of the report presented by the Trustee.

Agenda item 13: Election of the Chair and Vice-Chair for the period of office starting at the thirteenth Board meeting (March 2011)

103. Following a discussion, the Board decided to endorse the nominations by both developed and developing countries as follows:

- (a) Ms. Ana Fornells de Frutos (Spain, Annex I Parties), nominated by Norway on behalf of the Annex 1 parties, will be Chair of the Adaptation Fund Board; and
- (b) Mr. Luis Santos (Uruguay, Latin American and Caribbean Countries), nominated by the United Republic of Tanzania on behalf non-Annex 1 Parties, will be the Vice-Chair of the Adaptation Fund Board.

(Decision B.12/36)

Agenda item 14: Board meetings for 2011

104. The Manager of the Adaptation Fund Board secretariat proposed tentative dates for the meetings of the Board in 2011 and confirmed the dates for the March 2011 meeting in Bonn, Germany.

105. Following a discussion, the Board decided to:

- (a) Hold its thirteenth meeting in Bonn from Wednesday, March 16, to Friday, March 18, 2011;
- (b) Hold its fourteenth meeting in Bonn from Monday, June 20 to Wednesday, June 22, 2011;
- (c) Tentatively hold its fifteenth meeting in Bonn during the week of September 12 to 16, 2011; and
- (d) Tentatively hold its sixteenth meeting in South Africa, during the week of December 12 to 16, 2011, back-to-back with the seventh Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol.

(Decision B.12/37)

Agenda item 15: Other matters

Membership of the Accreditation Panel

106. In view of the resignation of Mr. Jerzy Janota Bzowski (Poland, Eastern Europe) from the Board, the Board appointed Ms. Kate Binns (United Kingdom, Annex I Parties) as a member of the Accreditation Panel.

(Decision B.12/38)

Report by the Chair on COP16 and CMP6

107. The Chair reported that the tool-kit to help with the accreditation of NIEs had been presented at a side-event during COP16 and CMP6 and that it had generated much interest among the Parties and among civil society.

108. The Chair also reported that CMP6 had adopted the recommendation of the AF Board to extend the mandate of the Trustee and that he had written to the head of the World Bank to inform him of that decision and to request the decision be presented to the World Bank Executive Directors for their consideration. He also said that the CMP had asked the Board to undertake a performance review of both the Trustee and the secretariat and to present the results of that review at CMP7 for the consideration.

109. The Chair brought to the attention of the Board, the decision of the CMP to undertake the review of the Adaptation Fund at its seventh meeting. Therefore the CMP requested the Board to make available in its report to the CMP7 the performance reviews of the interim secretariat and the interim trustee servicing the Adaptation Fund. During the discussion that followed, the Chair, suggested that Ms. Ana Fornells de Frutos, Mr. Amjad Abdulla, Mr. Santiago Reyna, in consultation with the Chair, should draft terms of reference for hiring a consultant, after which they would seek a budget estimate from the secretariat for the cost of the review. Once the TOR and the budget estimate were finalized, they would be submitted to the Board for an intersessional decision, after which the approved TOR should be posted on the websites of the UNFCCC and that of the Adaptation Fund so that a decision on the hiring of a consultant could be taken by the Board at its thirteenth meeting.

110. Following a discussion, the Board decided that:

- (a) Ms. Ana Fornells de Frutos (Spain, Annex I Parties), Mr. Amjad Abdulla (Maldives, Small Island Developing States), Mr. Santiago Reyna (Argentina, Group of Latin American and Caribbean Countries) and in consultation with Mr. Farrukh Iqbal Khan (Pakistan, Non-Annex I Parties) would prepare terms of reference for a consultant to review the performance of the secretariat of the Adaptation Fund Board and the Trustee of the Adaptation Fund by January 31, 2011;
- (b) Following the preparation of the terms of reference referred to in paragraph (a) the secretariat of the Adaptation Fund Board would prepare a budget estimate for the cost of the work of the consultant by February 15, 2011;
- (c) The terms of reference and the budget estimate referred to paragraph (b) would be submitted to the Board for an intersessional decision once they had been finalized;
- (d) Once the Board had approved the budget estimate and the terms of reference referred to in paragraph (c), the terms of reference would be posted on the websites of

the United Nations Framework Convention on Climate Change and the Adaptation Fund together with a notice soliciting applications to undertake a review of the performance of the secretariat of the Adaptation Fund Board and the Trustee of the Adaptation Fund; and

- (e) Any expression of interest to undertake the review referred to in paragraph (d) would be considered by the Adaptation Fund Board at its thirteenth meeting.

(Decision B.12/39)

Agenda item 16: Dialogue with civil society

111. The Board heard a presentation by Ms. Adekemi Seesink, senior policy officer for Wetlands and Livelihoods of Wetlands International on the importance of an ecosystem-based approach to adaptation. She pointed out that it was often possible to combine an ecosystem approach together with the traditional infrastructure approach to achieve more socially appropriate, cost-effective and sustainable results and thus avoid maladaptive solutions to the problem of adapting to effects of climate change.

112. Ms. Rachel Berger, *Practical Action*, observed that the Board had raised the issue of the transparency of its decisions and said that it was unclear who had been consulted when projects were being prepared. She suggested that it would be useful to have guidelines on stakeholder consultation and that she was ready to give a presentation on that issue. She also said that the nature and timing of vulnerability assessments would require the input of civil society.

113. Ms. Rachel Harris, *Women's Environmental and Development Organization (WEDO)*, said that she supported the position of the Board to include the issue of gender when considering the activities that it was supporting and said that she would encourage women to get involved.

114. Ms. Bertha Corte Gonzalez, *Local Governments for Sustainability (ICLEI)*, said that her group had developed a cost-effective way to manage meetings which she offered to the Board.

115. The Board thanked her for her offer and said that she should present her proposal to the secretariat.

116. The Chair thanked the members of civil society for their interventions and observed that they were substantially in agreement with those of the Board. The issues of gender and vulnerability would be addressed by the Board further and be taken up when the Board revised its operational policies and guidelines.

117. The members of civil society were also asked what help they could provide during the accreditation process of NIEs.

118. Ms. Rachel Berger said that the group Germanwatch had funding available to help build capacity for NIEs. She also said that Germanwatch had looked at the project proposals and had expressed its concerns in a letter which had been circulated to the Board.

119. The Chair said that the Board had benefited from the interventions made by the representatives of civil society and that the secretariat would follow up on the points that had been raised and inform the Board of actions taken in this regard.

Agenda item 17: Adoption of the report

120. The draft report of the twelfth meeting of the Adaptation Fund Board, as orally amended, was provisionally adopted before the closure of the present meeting. The Chair informed the Board that it would follow its established practice and finalize the report of the meeting intersessionally.

(Decision B.12/40)

Agenda Item 18: Closure of the Meeting

121. Following the customary exchange of courtesies, the Chair declared the meeting closed on Wednesday, 15 December at 6.30 p.m.

Annex I: MEMBERS AND ALTERNATES PARTICIPATING AT THE TWELFTH MEETING

MEMBERS		
Name	Country	Constituency
Mr. Cheikh Ndiaye Sylla	Senegal	Africa
Mr. Zaheer Fakir	South Africa	Africa
Mr. Abdulhadi Al-Marri	Qatar	Asia
Mr. Jerzy Janota Bzowski	Poland	Eastern Europe
Ms. Medea Inashvili	Georgia	Eastern Europe
Mr. Jeffery Spooner	Jamaica	Latin American and the Caribbean
Mr. Luis Santos	Uruguay	Latin American and the Caribbean
Mr. Hans Olav Ibrekk	Norway	Western European and Others Group
Mr. Peceli Vocea	Fiji	Small-Island Developing States
Mr. Richard Muyungi	Tanzania	Least-Developed Countries
Mr. Farrukh Iqbal Khan	Pakistan	Non-Annex I Parties

ALTERNATES		
Name	Country	Constituency
Mr. Richard Mwendandu	Kenya	Africa
Mr. Ezzat L.H. Agaiby	Egypt	Africa
Mr. Damdin Davgadorj	Mongolia	Asia
Ms. Tatyana Ososkova	Uzbekistan	Asia
Mr. Valeriu Cazac	Moldova	Eastern Europe
Ms. Iryna Trofimova	Ukraine	Eastern Europe
Mr. Luis Paz Castro	Cuba	Latin American and the Caribbean
Mr. Santiago Reyna	Argentina	Latin American and the Caribbean
Mr. Anton Hilber	Switzerland	Western European and Others Group
Mr. Markku Kanninen	Finland	Western European and Others Group
Mr. Amjad Abdulla	Maldives	Small-Island Developing States
Mr. Mirza Shawat Ali	Bangladesh	Least-Developed Countries
Ms. Kate Binns	United Kingdom of Great Britain and Northern Ireland	Annex I Parties
Ms. Ana Fornells de Frutos	Spain	Annex I Parties
Ms. Sally Biney	Ghana	Non-Annex I Parties
Mr. Bruno Sekoli	Lesotho	Non-Annex I Parties

Annex II: Accreditation Panel's Observation of NIE 1

Conclusion

On the basis of the initial application the additional information received throughout the period of the review and the telephone discussion with representatives of the various ministries, the Panel has not been able to establish sufficient evidence that the Adaptation Fund's fiduciary standards are met by NIE. The Panel is not in a position to recommend to the AFB that the NIE 1 be accredited.

Rationale

The application demonstrated and provided evidence that the applicant met most of the fiduciary standards related to financial management and integrity matters though there are some aspects that were not met. For example, NIE 1 had financial statements for the year ended 2009 which had a positive opinion from the Auditor General. However the balance sheet of the national ministry has expanded tenfold between 2007 and 2009. The implications of this on the internal control framework of NIE 1 are not clear. There is an independent internal audit function that pre-audits the departmental expenditures and does some audits of disbursements / procurements. These audits raise some control questions that need to be corrected by the applicant before accreditation can be recommended.

The application did not demonstrate that the fiduciary standards relating to requisite institutional capacity was met. The application referred to legislation, systems and procedures relating to the government structures as a whole and it was not possible to allocate responsibility or accountability for these as they would relate to a specific unit or group of people within the NIE 1 who would execute Adaptation Fund projects. This means that the Panel could not give the required assurances that NIE 1 had the required control structures in place to ensure that moneys from the adaptation fund would be used properly in an efficient and effective manner and that corrective action would be take for projects at risk.

The application gave examples of development projects in the country but the implementation control mechanisms were exercised by donors, other ministries and consultants hired under the control of others. These examples provided insufficient evidence of NIE 1 ability to manage such implementation control functions. The application makes reference to a Project and Financial Analysis Unit within NIE 1 but fails to demonstrate that this Unit, which has a consulting function within the Government, has any responsibility and accountability for the aspects of Adaptation Fund projects.

The application makes reference to the government's legislative provisions to deal with fraud and mismanagement. This does not provide sufficient demonstration and evidence that NIE 1 would have a zero tolerance policy related to fraud and other mismanagement related to Adaptation Fund projects and that such policy is supported by the senior management of NIE. There is no evidence that the applicant has a mechanism to receive allegations against its own staff or third parties within a framework of whistleblower protection and ensure that each allegation related, directly or indirectly, to Adaptation Fund projects will be investigated and concluded upon and continuously monitored until a conclusion is reached on the allegation.

More detailed information of the review findings can be made available to NIE on request.

Annex III: Proposed guidelines for Designated Authorities to select an NIE

The Panel observed that there is no guidance to assist Designated Authorities to select the best NIE candidate for the country and proposes the following guidelines.

Guidelines to assist Designated Authorities to select the best NIE

- a. A conviction by the Designated Authority that the proposed NIE can demonstrate and give evidence of its fiduciary abilities and obtain the accreditation from the Adaptation Fund. This would involve a preliminary evaluation by the Designated Authority that the potential NIE meets the fiduciary standards and can demonstrate this during the accreditation process.
- b. A preliminary assessment by the Designated Authority that the potential NIE is the most capable within the country to take responsibility and accountability for the full project cycle elaborated upon above in an agile, efficient and effective manner.
- c. There is an optimal organizational structure within the potential NIE for the implementation task which in most cases would imply that the entity has a separate corporate structure and that the implementation of projects is one of its significant activities.
- d. A conviction by the Designated Authority that the potential NIE has a zero tolerance for fraud which is demonstrated by its top management. Thus the potential NIE should have the ability to take on the responsibility of the full project cycle in an environment free from direct and indirect fraud and corruption from its own staff and from third parties and have the ability to resolve any allegations thereof in a transparent and complete manner involving required authorities as needed.
- e. A preliminary assessment by the Designated Authority that the potential NIE has the ability to work together with government entities, leveraging co-financing organizations and other stakeholders within the country in order to identify, appraise, implement and evaluate projects related to adaptation.
- f. A clear demonstration that the potential NIE can bring a significant value added component to Adaptation Projects over and above what existing and accredited Multilateral Implementing Agencies can bring. While the enhancement of country ownership, capacity building and strengthening of country systems are important they should not be at a great expense to the effectiveness of adaptation projects.

Annex IV: Adaptation Fund Board Funding Decisions

	Country	Implementing Agency	Document Ref	Project	Fee	Total Amount
1. Projects and Programs:	Nicaragua	UNDP	AFB/MIE/Water/2010/1	5,070,000.00	430,950.00	5,500,950.00
	Pakistan	UNDP	AFB/MIE/DDR/2010/1	3,600,000.00	306,000.00	3,906,000.00
Sub-total						9,406,950.00
2. Concepts:	Cook Islands	UNDP	AFB/MIE/DDR/2010/2	4,600,000.00	391,000.00	4,991,000.00
	Ecuador	WFP	AFB/MIE/Food/2010/4	6,962,120.00	487,348.40	7,449,468.00
	El Salvador	UNDP	AFB/MIE/Rural/2010/1	5,000,000.00	425,000.00	5,425,000.00
	Georgia	UNDP	AFB/MIE/DDR/2010/4	4,900,000.00	416,500.00	5,316,500.00
	Maldives	UNDP	AFB/MIE/Water/2010/6	8,285,000.00	704,225.00	8,989,225.00
Sub-total						32,171,193.00
3. Total (3 = 1 + 2)						41,578,143.00
Cancellation NIE Set Aside formulation costs						(100,000.00)

Annex V: Project Formulation Grant Template**Project Formulation Grant (PFG)**

Submission Date:

Adaptation Fund Project ID:

Country/ies:

Title of Project/Programme:

Type of IE (NIE/MIE):

Implementing Entity:

Executing Entity/ies:

A. Project Preparation Timeframe

Start date of PFG	
Completion date of PFG	

B. Proposed Project Preparation Activities (\$)

Describe the PFG activities and justifications:

List of Proposed Project Preparation Activities	Output of the PFG Activities	USD Amount
Total Project Formulation Grant		

C. Implementing Entity

This request has been prepared in accordance with the Adaptation Fund Board's procedures and meets the Adaptation Fund's criteria for project identification and formulation

Implementing Entity Coordinator, IE Name	Signature	Date (Month, day, year)	Project Contact Person	Telephone	Email Address

Annex VI: Draft standard legal agreement between the board and the implementing entities

AGREEMENT

(The _____ [Project] [Programme] in [Country])

between

THE ADAPTATION FUND BOARD

and

[IMPLEMENTING ENTITY]

AGREEMENT

[The _____ Project in [Country]]

between

THE ADAPTATION FUND BOARD

and

[IMPLEMENTING ENTITY].

Whereas, the Conference of the Parties (COP) of the United Nations Framework Convention on Climate Change (UNFCCC) in its Decision 10/CP.7 decided that an Adaptation Fund (AF) shall be established to finance concrete adaptation projects and programmes in developing countries that are parties to the Kyoto Protocol to the UNFCCC (Kyoto Protocol);

Whereas, the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) in its Decision 1/CMP.3 decided that the operating entity of the AF shall be the Adaptation Fund Board (Board), with the mandate to supervise and manage the AF under the authority and guidance of the CMP;

Whereas, in its Decisions 5/CMP.2 and 1/CMP.3, paragraph 5 (b), the Board adopted the AF *Operational Policies and Guidelines for Parties to Access Resources from the Adaptation Fund*, including the *Fiduciary Risk Management Standards to be Met by Implementing Entities* (AF Operational Policies and Guidelines), as set out in Schedule 1 to this Agreement (Agreement); and

Whereas, the proposal submitted by the [Implementing Entity] to the Board seeking access to the resources of the AF in support of the [Project] [Programme], as set out in Schedule 2 to this Agreement, has been approved by the Board, and the Board has agreed to make a grant (Grant) to the [Implementing Entity] for the [Project] [Programme] under the terms of this Agreement; and

Whereas, the International Bank for Reconstruction and Development (IBRD) has agreed to serve as the Trustee of the AF Trust Fund (Trustee) and, in that capacity, to make transfers of the Grant to the [Implementing Entity] on the written instructions of the Board;

The Board and the [Implementing Entity] have agreed as follows:

1. DEFINITIONS.

Unless the context otherwise requires, the several terms defined in the Preamble to this Agreement shall have the respective meanings set forth therein and the following additional terms shall have the following meanings:

- 1.01. “Grant” means the AF resources approved by the Board for the [Project] [Programme] under this Agreement and to be transferred by the Trustee to the Implementing Entity on the written instructions of the Board;
- 1.02. “Designated Authority” means the authority that has endorsed on behalf of the national government the Project proposal by the Implementing Entity seeking access to AF resources to finance the [Project][Programme];
- 1.03. “Executing Entity” means the entity that will execute the [Project] [Programme] under the overall management of the Implementing Entity;
- 1.04. “Implementing Entity” means the [Implementing Entity] that is the party to this Agreement and the recipient of the Grant;
- 1.05. “Implementing Entity Grant Account” means the account to be established by the Implementing Entity to receive, hold and administer the Grant;
- 1.06. “Secretariat” is the body appointed the CMP to provide secretariat services to the Board, consistent with decision 1/CMP.3, paragraphs 3, 18, 19 and 31, which body is currently the Global Environment Facility (GEF); and
- 1.07. “AF Trust Fund” means the trust fund for the AF administered by the Trustee in accordance with the *Terms and Conditions of Services to be Provided by the International Bank for Reconstruction and Development as Trustee for the Adaptation Fund*.

2. THE PROJECT AND THE GRANT

2.01. The Board agrees to provide to the [Implementing Entity] the Grant in a maximum amount equivalent to _____ United States Dollars (US \$ _____) for the purposes of the [Project] [Programme]. The [Project] [Programme] document, which details the purposes for which the Grant is made, is set out in Schedule 2 to this Agreement. The disbursement schedule and special conditions that apply to the implementation of the Grant are set out in Schedule 3 to this Agreement.

2.02. The Trustee shall transfer the Grant funds to the [Implementing Entity] on the written instructions of the Board. Transfers shall be made to the following bank account of the [Implementing Entity] in accordance with the disbursement schedule set out in Schedule 3 to this Agreement:

[Insert Implementing Entity's bank account details]

2.03. The [Implementing Entity] shall make the disbursed Grant funds available to the [Executing Entity] in accordance with its standard practices and procedures.

2.04. The [Implementing Entity] may convert the Grant into any other currency to facilitate its disbursement to the [Executing Entity].

3. ADMINISTRATION OF THE GRANT

3.01. The Implementing Entity shall be responsible for the administration of the Grant and shall carry out such administration with the same degree of care used in the administration of its own funds, taking into account the provisions of this Agreement.

3.02. The [Implementing Entity] shall carry out all its obligations under this Agreement in accordance with:

- (i) the AF Operational Policies and Guidelines; and
- (ii) the [Implementing Entity's] standard practices and procedures.

3.03. If, during the course of administering the Grant, the [Implementing Entity] identifies any material inconsistency between the AF Operational Policies and Guidelines and its own standard practices and procedures, the [Implementing Entity] shall: (a) immediately notify the Board, through the Secretariat, of such inconsistency, and (b) the [Implementing Entity] and the Board shall discuss and promptly take any necessary or appropriate action to resolve such inconsistency.

3.04. In the event that the [Implementing Entity] makes any disbursements of the Grant in a manner inconsistent with the AF Operational Policies and Guidelines, and these inconsistencies cannot be resolved as provided in paragraph 3.03, the [Implementing Entity] shall refund to the AF Trust Fund, through the Trustee, any such disbursements.

4. [PROJECT] [PROGRAMME] IMPLEMENTATION

4.01. The Implementing Entity shall be responsible for the overall management of the [Project] [Programme], including all financial, monitoring and reporting responsibilities.

4.02. The Implementing Entity shall ensure that the Grant is used exclusively for the purposes of the [Project] [Programme], and shall refund to the AF Trust Fund, through the Trustee, any disbursements made for other purposes. Where the Board believes that the Grant has been used for purposes other than the [Project] [Programme], it shall inform the [Implementing Entity] of the reasons supporting its view and provide the [Implementing Entity] an opportunity to provide any explanation or justification for such use.

4.03. Any material change made in the original budget allocation for the Project by the [Implementing Entity], in consultation with the Executing Entity, shall be communicated to the Board for its approval. "Material change" shall mean any change that involves ten per cent (10%) or more of the total budget.

4.04. The [Implementing Entity] shall promptly inform the Board, through the Secretariat, of any conditions that may seriously interfere with its management, or the Executing Entity's execution, of the [Project] [Programme] or otherwise jeopardize the achievement of the objectives of the [Project] [Programme], providing detailed information thereof to the Board for its information.

4.05. The [Implementing Entity] shall be fully responsible for the acts, omissions or negligence of its employees, agents, representatives and contractors under the Project. The Board shall not be responsible or liable for any losses, damages or injuries caused to any persons under the Project resulting from the acts, omissions or negligence of the [Implementing Entity's] employees, agents, representatives and contractors.

5. [PROJECT] [PROGRAMME] SUSPENSION

5.01. The Board may suspend the [Project] [Programme] for reasons that include, but are not limited to:

- (i) financial irregularities in the implementation of the [Project] [Programme], or
 - (ii) a material breach of this Agreement and/or poor implementation performance leading the Board to conclude that the [Project] [Programme] can no longer achieve its objectives;
- provided, however, that before the Board makes its final decision (a) the [Implementing Entity] shall be given an opportunity to present its views to the Board, through the Secretariat; and/or (ii) the [Implementing Entity] may make any reasonable proposal to promptly remedy the financial irregularities, material breach or poor implementation performance.

6. PROCUREMENT

6.01. The procurement of goods and services (including consultants' services) for activities financed by the Grant will be carried out in accordance with the [Implementing Entity's] standard practices and procedures, including its procurement and consultants' guidelines. In the event that the [Implementing Entity] makes any disbursements in a manner which the Board considers to be inconsistent with the AF Operational Policies and Guidelines, it will so inform the [Implementing Entity] giving the reasons for its view and seeking a rectification of the inconsistency. If the inconsistency cannot be resolved, the [Implementing Entity] shall refund to the AF Trust Fund, through the Trustee, any such disbursements.

7. RECORDS AND REPORTING

7.01. The [Implementing Entity] shall provide to the Board, through the Secretariat, the following reports and financial statements:

- a) annual progress reports on the status of the [Project]/[Programme] implementation, including the disbursements made during the relevant period or more frequent progress reports if requested by the Board;
- b) a [Project]/[Programme] completion report, including any specific [Project]/[Programme] implementation information, as reasonably requested by the Board through the Secretariat, within six (6) months after [Project]/[Programme] completion;
- c) a mid-term and a final evaluation report, prepared by an [independent] evaluator selected by the [Implementing Entity]. The final evaluation report shall be submitted within nine (9) months after [Project]/ [Programme] completion. Copies of these reports shall be forwarded by the [Implementing Entity] to the Designated Authority for information; and
- d) a final audited financial statement of the [Implementing Entity] Grant Account, prepared by an independent auditor or evaluation body, within six (6) months of the end of the Implementing Entity's financial year during which the [Project]/[Programme] is completed.

8. MANAGEMENT FEE

8.01. The Board authorizes the [Implementing Entity] to deduct from the total amount of the Grant and retain for its own account the management fee specified in Schedule 2 to this Agreement.

9. OWNERSHIP OF EQUIPMENT

9.01. If any part of the Grant is used to purchase any [durable assets] [equipment], such [assets] [equipment] shall be transferred upon the completion of the [Project] [Programme] to the Executing [Entity] [Entities] or such other entity as the Designated Authority may designate.

10. CONSULTATION

10.01. The Board and the Implementing Entity shall share information with each other, at the request of either one of them, on matters pertaining to this Agreement.

11. COMMUNICATIONS

11.01. All communications between the Board and the [Implementing Entity] concerning this Agreement shall be made in writing, in the English language, to the following persons at their addresses designated below, by letter or by facsimile. The representatives are:

For the Board:

Adaptation Fund Board Secretariat

1818 H Street, NW

Washington, D.C. 20433

USA

Attention: Adaptation Fund Board Chair

Fax: _____

For the [Implementing Entity]:

Attention: _____

Fax: _____

12. EFFECTIVENESS AND AMENDMENT OF THE AGREEMENT

12.01. This Agreement shall become effective upon its signature by both parties.

12.02. This Agreement may be amended, in writing, by mutual consent between the Board and the [Implementing Entity].

13. TERMINATION OF THE AGREEMENT

13.01. This Agreement may be terminated by the Board or the [Implementing Entity], by giving prior written notice of at least ninety (90) days to the other.

13.02. This Agreement shall automatically be terminated in the event of:

- a) cancellation of the [Implementing Entity's] accreditation by the Board; or
- b) receipt of a communication from the Designated Authority that it no longer endorses the [Implementing Entity] or the [Project] [Programme].

13.03. Upon termination of this Agreement, the Board and the [Implementing Entity] shall consider the most practical way of completing any ongoing activities under the [Project] [Programme], including meeting any outstanding commitments incurred under the [Project][Programme] prior to the termination. The [Implementing Entity] shall promptly refund to the AF Trust Fund, through the Trustee, any unused portion of the Grant, including any net investment income earned therefrom. No Grant funds shall be disbursed after termination.

14. SETTLEMENT OF DISPUTES

14.01. Any dispute, controversy or claim arising out of or relating to this Agreement, or the breach, termination or invalidity thereof, will be settled amicably by discussion or negotiation between the Board and the [Implementing Entity].

14.02. Any dispute, controversy or claim arising out of or relating to this Agreement, or the breach, termination or invalidity thereof, which has not been settled amicably between the Board and the [Implementing Entity] shall be settled by arbitration in accordance with the UNCITRAL Arbitration Rules as presently in force.

IN WITNESS WHEREOF, the undersigned, being duly authorized thereto, have signed this Agreement on _____ [201_]

THE ADAPTATION FUND BOARD

Chair

[IMPLEMENTING ENTITY]

[The following Schedules will be attached to the Agreement: Schedule1 (AF Operational Policies and Guidelines, including the Fiduciary Risk Management Standards; Schedule 2 ([Project] [Programme] Proposal); and Schedule 3 (Disbursement Schedule)].

Draft Job Description for Secretariat Position

The potential candidate for a newly established position would have the primary responsibility of providing support for the entire accreditation process. The process includes four main areas of work: i) support during the accreditation application screening phase; ii) general support to the Accreditation Panel; iii) support for development of future procedures; and iv) outreach on the process. Specific duties under each of these areas would include:

Support during the accreditation application screening phase

- Assist conceptualization and implementation of adequate reporting and monitoring mechanisms on the Accreditation Panel activities.
- Screen applications and supporting documents for completeness.
- Act as intermediary between the Panel Members and the applicants
- Maintain complete and well referenced files of the accreditation review for each applicant. that can be used for third party quality reviews and for the reaccreditation five years hence.
- Input information on accreditation into the AF data base and maintain the data

General Support to the Panel:

- Support Accreditation Panel administratively including contracts, meeting organization, travel, payments, etc
- Support Panel meetings in terms of, logistics, attendance, keeping minutes
- Draft and finalize Panel report to the AFB
- Participate with Panel Member on country visits to potential NIEs

Support for Development of Future Procedures:

- Support and assist in the development of:
 - Procedures for re-accreditation in five years
 - Conditional accreditation and monitoring of the conditions
 - Suspension and cancellation of accreditation

Outreach on the Process:

- Liaise with the UNFCCC, assist, and attend regional workshops on the accreditation process
- Disseminate information on the accreditation process including:
 - Interact and share best practices with other organizations that use an accreditation process
 - Support preparation of information material including web material
 - Identify and publish examples of best practice