



ADAPTATION FUND

AFB/B.10/7/Rev.1
August 11, 2010

ADAPTATION FUND BOARD

Tenth Meeting

Bonn, June 15 to 16, 2010

REPORT OF THE TENTH MEETING OF THE ADAPTATION FUND BOARD

INTRODUCTION

1. The tenth meeting of the Board of the Adaptation Fund of the Kyoto Protocol was held at the 'Langer Eugen' UN Campus in Bonn from June 15 to 16, 2010, preceded by the first meetings of the Project and Programme Review Committee and the Ethics and Finance Committee 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/10thAFB>.

3. The meeting was broadcast live through a link on the websites of the Adaptation Fund and the United Nations Convention to Combat Desertification (UNCCD). The UNCCD secretariat had also provided logistical and administrative support for the hosting of the meeting.

Agenda Item 1: Opening of the Meeting

4. The meeting was opened at 9:25 a.m. on Tuesday, 15 June 2010, by the Chair, Mr. Farrukh Iqbal Khan (Pakistan, Non-Annex I Parties), who greeted the members and alternates to the Board, and welcomed all the participants at the tenth meeting of the Adaptation Fund Board. He informed the participants that there was an additional observer from Pakistan present at this meeting; no objections to this issue were raised.

Agenda Item 2: Organizational Matters

a) Adoption of the Agenda

5. The Board considered the provisional agenda contained in document AFB/B.10/1/Rev.3, the provisional annotated agenda contained in document AFB/B.10/2/Rev.1, and the provisional timetable attached to that document. The Board adopted the Agenda, which is contained in Annex II to the present report, and the provisional timetable, as orally amended.

b) Organization of Work

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

7. The Chair introduced Ms. Kate Binns (United Kingdom, Annex I Parties) as a nominated alternate member to replace Mr. Yvan Biot (United Kingdom, Annex I Parties), who had resigned on May 14, 2010. The Chair reminded the participants of Mr. Biot's active participation on the Board and of his pioneer work in its development. The Chair invited the Board to appoint the new alternate member.

8. The Adaptation Fund Board decided to appoint Ms. Kate Binns (United Kingdom, Annex I Parties) as alternate member of the Board to replace Mr. Yvan Biot (United Kingdom, Annex I Parties) for the remainder of his mandate.

(Decision B.10/1)

9. Subsequently, the Chair also welcomed Mr. Wang Zhongjing (China, Asia) to the Board. He had been appointed intersessionally by Decision B.9-10/1.

10. The Oath of Service was distributed to the new member and alternate, who were participating at the meeting for the first time. All Board members were asked to declare any conflicts of interest with the items on the agenda for the meeting. Mr. Cheikh Ndiaye Sylla (Senegal, Africa), declared that he would have a conflict of interest during the discussion on the Senegalese project proposal under agenda item 6 and that he would remain inactive during that part of the agenda. Mr. Elsayed Sabry Mansour (Egypt, Africa) also declared that he would have a conflict of interest during the discussion of the Egyptian project proposal under agenda item 6, and would consequently not enter the discussions under that part of the agenda. Mr. Jeffery Spooner (Jamaica, Latin America and the Caribbean) declared that he had no conflict of interest, unless a case related to Jamaican interests was raised. In closing the discussion, the Chair declared his conflict of interest with respect to the Pakistani project proposal that would be discussed under agenda item 6, and that he consequently would not enter the discussion during that part of the agenda. He said that at that point the deliberations would be chaired by the Vice-Chair, Mr. Hiroshi Ono (Japan, Annex I Parties).

Agenda Item 3: Report on intersessional activities of the Chair

11. The Chair reported on his activities during the intersessional period. Together with the Vice-Chair he had sent out letters inviting Parties to submit project and programme proposals, as well as letters inviting all eligible Parties to nominate their designated authority to endorse their implementing entities and the submitted project and programme proposals. Letters had also been sent to donors and multilateral agencies requesting their help in establishing National Implementing Entities. The Chair reported that several positive responses had been received

and he was looking forward to the establishing of other NIEs. UNFCCC Annex I Parties had been requested to consider contributing to the Adaptation Fund Trust Fund, and he thanked the Government of Spain for its contribution of EUR 45 million. The Chair also reported on his participation in several awareness raising events in Pakistan concerning the Adaptation Fund and thanked the secretariat for facilitating distribution of the Adaptation Fund handbooks and brochures which were highly appreciated by the participants of those events.

12. The Chair also provided an update on the process of granting legal capacity to the Board. The Chair and the Vice-Chair remained in communication with Germany and had been told that the German Federal Cabinet had adopted a draft law on June 7, 2010, the first reading of which would take place on August 24, 2010. There would be a second reading on September 30, 2010, with final approval expected to take place on, or about, November 26, 2010. The German President was then expected to sign the law two or three weeks later. The Board is expected to attain legal capacity at the end of 2010, once the law was published in the official gazette of the German Parliament.

13. The Chair also reported that he had attended the climate change talks that had taken place in Bonn during the weeks immediately preceding the present meeting of the Board, at which time a side-event on the Adaptation Fund had also been organized. During the side-event, a great interest in the National Implementing Entities (NIEs) was expressed, but many countries were not aware on how to proceed in establishing an NIE. He said that he had received several requests of assistance in this matter and that effort would be made to follow these requests.

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

Agenda Item 4: Report on the Activities of the Secretariat

15. The Manager of the Adaptation Fund Board secretariat reported on the activities of the secretariat during the intersessional period, more fully described in document AFB/B.10/3. The principal activities had involved the finalization and posting of the report of the ninth meeting of the Board and supporting the activities of the Accreditation Panel. Applications for accreditation from Parties, multilateral organizations and development banks had been screened and further three requests from multilateral organizations had been forwarded to the Panel for review. Those applicants with incomplete applications had been requested to provide the missing information and supporting documentation. Since the inception of the accreditation process, the secretariat had screened ten applications from non-Annex I Parties and eight applications from multilateral organizations and development banks, out of which two applications from Parties and six applications from multilateral organizations and development banks had been forwarded to the Accreditation Panel. Three additional applications have been received just prior to the present meeting, one of which had yet not been screened.

16. The secretariat had also prepared technical reviews of the eight project proposals that had been submitted to the Project and Programme Review Committee (PPRC), and in doing so had been supported by the GEF secretariat's technical staff. The Manager informed the Board that it took approximately three working days to perform a technical review of a project concept and approximately five working days to perform a technical review of a fully developed proposal.

17. The secretariat had also launched the new website on April 12, 2010, with a password protected area for the Accreditation Panel members, and a facility for making comments on posted project and programme proposals. The Manager reported that the Ethics and Finance

Committee had already discussed the next step of designing an independent project and programme database during its meeting on June 14, 2010.

18. In closing the Manager of the Adaptation Fund Board secretariat said that discussions continued with the Ministry of Foreign Affairs of Mexico on the modalities for holding the twelfth meeting of the Board in Cancun, from December 13 to 15, 2010, back-to-back with the sixth Meeting of the Parties to the Kyoto Protocol (CMP).

19. During the following discussion it was observed that the demands made on the secretariat would continue to grow and there was a need to strengthen it to manage that increase in work. It was also observed that the side-event that had occurred prior to the present meeting had taken place on the last day of negotiations, which was not the most appropriate time to get the attention of delegates. Clarification was also requested about the process of posting project proposals for comments on the website.

20. The Manager explained that, with the suggested recruitment of a Junior Professional Associate and a one year extension of the contract for a short-term temporary employee, the secretariat would be strengthened sufficiently to meet its present work-load. She reminded the Board that the secretariat also received valuable help from the staff of the GEF. She also explained that project proposals were posted as received for comments on the website. However, to date only two comments had been received from civil society.

21. The Manager also said that at the time the Board had taken the decision to host the side-event, all the available time slots had already been taken. She thanked the UNFCCC secretariat for having gone out of its way to make time available on the last day of that meeting, but she also agreed that in the future it would be better to host such a side-event earlier when delegates had more time to participate.

22. The Chair said that there appeared to be a consensus that the secretariat needed to be strengthened and asked Mr. Hans Olav Ibrekk (Norway, Western European and Other Group) and Mr. Ricardo Lozano Picón (Columbia, Non-Annex I Parties) to form an ad-hoc committee to consider the views expressed and make a recommendation to the Board on how best to strengthen the secretariat, if that proved necessary.

23. Following the discussion, the Board took note of the presentation on the activities of the Adaptation Fund Board secretariat.

Agenda Item 5: Report of the Accreditation Panel

24. The Chair of the Accreditation Panel, Mr. William Kojo Agyemang-Bonsu (Ghana, Non-Annex I Parties), introduced the document AFB/B.10/4 which contained the report of the second meeting of the Accreditation Panel. The report was divided into two sections, the first of which contained a description of the work of the Panel and the second its recommendations to the Board. The Chair of the Accreditation Panel said that the Panel had reviewed one application for accreditation as a National Implementing Entity (NIE) and four applications for accreditation as Multilateral Implementing Entities (MIEs).

25. With respect to the application of the NIE, the Chair said that the Panel had extensively discussed the application but had some concerns about the demonstrated capacities of the applicant to appraise project proposals, to oversee the execution of projects and to undertake detailed evaluation. Further, the applicant needed to provide additional information on how the

organization assessed the risks associated with projects and how they were addressed and mitigated. The Panel had therefore concluded that while the applicant seemed to be a potential candidate for accreditation, further information was required, and the Panel recommended a field visit to the applicant to collect the required information and examine in detail various project documents and conduct face-to-face discussions.

26. With respect to the applicants for accreditation as MIEs, all of the applicants were being recommended for accreditation. However, in the case of United Nations Environment Programme (UNEP), several concerns had arisen during the review of the application, especially on the issues of financial control and project monitoring, and the Panel therefore recommended that the secretariat be instructed to require more frequent reporting on projects being implemented by UNEP.

27. Further discussion of the report of the Accreditation Panel took place in closed session.

28. Mr. Anton Hilber (Switzerland, Western European and Others Group) wished the report to reflect his trust in the work of the Panel which had also been the view generally expressed by the Board during the closed session.

29. The Chair gave a summary of the discussions that had taken place during the closed session. He said that the Board was of the view that there was a need to establish a balance between the NIEs and MIEs, and that a strategy was needed to support the NIEs. It was also important to ensure that the Board was not just flooded with proposals from MIEs and that the Board received a range of projects. The Chair of the Panel also reminded the Board that the Chair and the Vice-Chair had sent a letter to several development agencies requesting their help in supporting the NIEs and a number of them had responded positively. The World Bank, UNEP and UNDP were hosting a side event on the subject of direct access and NIEs, and the Chair encouraged the Board to attend the presentation which took place on the margins of the present meeting.

30. The Board continued its discussion of the agenda item following the side-event on the subject of direct access.

31. Several members were in favour of the idea that the Board support some sort of capacity-building for countries to help them establish their NIEs, and it was suggested that it might be useful to follow the CDM process when strengthening the NIEs, and to have a forum to discuss potential NIEs.

32. It was also suggested that there should be some kind of softening in the treatment of applications from developing countries in order to address the more difficult start-up process that they were facing. The multilateral organizations had already achieved their high standards, but that had been the result of a learning process as well. Others pointed out that securing the high quality standards of the NIEs was very important to securing the objectives of the Adaptation Fund, and that lowering the standards might have serious consequences during the project cycle.

33. The Chair of the Accreditation Panel asked whether it might be possible for NIEs to make use of the in-country expertise of the national Executing Entities (EEs) to meet the fiduciary standards. He pointed out that the principal concern that the Board had with the NIEs was whether they met the fiduciary standards set by the Board. If they did, he asked whether they could then make use of the expertise in the implementation of projects that might be held

by the EEs. Many thought that bifurcation of expertise was an interesting suggestion that should be explored, but other cautioned that there might be a problem if the EE ceased to be associated with the project in question.

34. The Board also considered the suggestion that it could be a condition for the approval of a project that MIEs were required to help support the establishment of an NIE in the country concerned when that country did not have such an NIE. It was also suggested that provision might be made to transfer a project to the NIE once it was established. However, it was also observed that some countries might take the policy decision not to establish an NIE and they should not be disadvantaged by having their projects refused simply because they did not wish to have an NIE. It should also be left up to the country to decide whether it wished to have a project transferred from an MIE to an NIE.

35. The Manager of the Adaptation Fund Board secretariat was asked to report on the applications for accreditation as NIEs that had been received by the secretariat and not yet reviewed. She explained that the secretariat had received a number of expressions of interest: some simply letters nominating NIEs, some with the application form completed as well but without the necessary supporting documentation, or missing some of the required supporting documentation. Some applicants provided documentation in other languages, without translation into English. She said that there were a couple of additional applications that were almost complete.

36. Additional discussion of methods to strengthen the NIEs also took place under agenda item 8 “Work programme to promote the accreditation process of National Implementing Entities (NIEs)”, and under agenda item 7 “Report of the first meeting of the Project and Programme Review Committee (PPRC)” (*Project Formulation Costs*).

37. The Chair suggested that the way forward was for the Accreditation Panel, with the support of the secretariat, to prepare a paper indicating the expected number of applications as well as the capacity constraints that may be facing the accreditation of NIEs. All the options that had been discussed should be considered in that paper. He said that he would follow up with the contacts that had previously been established with the international partners that had already expressed interest in being involved in the process. It also appeared that placing a limit on the accreditation of MIEs was not a good idea as both the MIEs and the NIEs were part of the same system. However, there needed to be a balance in the accreditation of NIEs and MIEs, and the Accreditation Panel could also look at ways to increase capacity-building. He also said that while it was not possible for the Panel to carry out visits to countries to promote NIEs in a comprehensive manner, use could be made of all site visits of the Panel to a region, to facilitate meetings between representatives of countries and the representatives of the Accreditation Panel.

38. Following the discussion with respect to the National Implementing Entity, the Board decided:

- (a) To postpone the decision on the accreditation of the National Implementing Entity applicant until additional information and clarifications are obtained from the applicant, and to take a decision on the accreditation of the applicant at the eleventh meeting of the Adaptation Fund Board;
- (b) To authorize the Accreditation Panel to conduct a field mission to the applicant if it deems it necessary to do so;

- (c) To approve in principle the budgetary implications of such a field visit, estimated at US \$22,000; and
- (d) To make a provision of US \$22,000 for such a field visit in the budget of the Accreditation Panel.

(Decision B.10/2)

39. On the issue of UNEP's accreditation, some members sought explanation on the grounds which necessitated additional reporting conditions that the Accreditation Panel had requested to be placed on UNEP's accreditation. Some members also requested that these be removed.

40. The Chairman of the Accreditation Panel, William Kojo Agyemang-Bonsu, gave a detailed account of the reasons and grounds which necessitated additional reporting requirements on UNEP.

41. Following the explanation, a decision was taken to approve the report of the Accreditation Panel in its entirety.

42. Subsequently, some members, while noting the explanation provided by Mr. Agyemang-Bonsu, again requested that the decision pertaining to UNEP be re-opened and the additional requirements be removed.

43. Other members expressed objections to the removal of additional requirements and pointed out that a decision on UNEP's accreditation had already been taken earlier during the meeting and that many of the members had left the meeting by that time.

44. The Chair noted that the Board was divided on this specific decision and that the Board may consider postponing the decision in the case of UNEP for consideration at the eleventh meeting. As a compromise, it was agreed that the decision may stand as it. However, the Board will again discuss the issue of additional requirements on UNEP's accreditation at its eleventh meeting which would allow all members to contribute to the discussion as well.

45. Following the discussion with respect to the accreditation of Multilateral Implementing Entities, the Board decided:

- (a) To accredit the United Nations Environment Programme (UNEP) as a Multilateral Implementing Entity on the understanding that:
 - i. The secretariat would require more frequent reporting on projects to be implemented by UNEP; and
 - ii. The Board would again discuss the issue of additional requirements on projects to be implemented by UNEP at its eleventh meeting;
- (b) To accredit the United Nations World Food Programme as a Multilateral Implementing Entity;
- (c) To accredit the Asian Development Bank as a Multilateral Implementing Entity;

- (d) To accredit the International Fund for Agricultural Development (IFAD) as a Multilateral Implementing Entity (MIE) on the understanding that there would be no disbursement of funding for any Adaptation Fund projects being implemented by the IFAD before the Executive Board of the IFAD authorized the IFAD to function as an MIE of the Adaptation Fund;
- (e) To request the Accreditation Panel, with the support of the secretariat, to consider the views expressed at the present meeting and prepare a paper on how best to support the creation of National Implementing Entities (NIEs) and to present its findings at the eleventh meeting of the Board; and
- (f) To request the Chair of the Adaptation Fund Board to follow up with those international agencies that had already expressed interest in helping to establish NIEs.

(Decision B.10/3)

46. During the adoption of the decision above, one member wished to record his disagreement with the requirement of more frequent reporting on projects to be implemented by UNEP, and he added that the requirement must be revisited at the next meeting.

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

47. The Chair of the Project and Programme Review Committee, Mr. Amjad Abdulla (Maldives, Small Island Developing States), introduced document AFB/PPRC.1/L.1/Rev.2 which contained the first report of the Project and Programme Review Committee (PPRC) which addressed the deliberations on the project proposals that it had reviewed, as well as the issues identified during the screening and technical review of the proposals that need to be addressed by decisions of the Board. In his presentation, the Chair said that the PPRC had held its first meeting on June 14, 2010 from 9.00 a.m. until 7.00 p.m. and then again on June 15, 2010 to adopt its report which was now before the Board for its consideration. At its first meeting the PPRC had considered eight project proposals and had made recommendations to the Board for each of the proposals. Mr. Abdulla reminded the Board that the PPRC had extensively discussed each proposal and he asked the indulgence of the Board not to reopen those deliberations when it considered the recommendations of the PPRC.

48. In addition to considering the projects before it, the PPRC had considered a number of other procedural issues among which were the issues of whether the Committee meetings should be open or closed, and whether those members who had conflicts of interest should be allowed to remain in the meeting room when the issue with which they had a conflict of interest was being discussed.

49. The Chair of the Board asked for the comments of the Board on the different issues that had been raised during project review and raised by the PPRC during its deliberations. He also said that as the Ethics and Finance Committee (EFC) had made a recommendation on how to deal with conflicts of interest, that question would be dealt with under agenda item 7, Report of the EFC. He also asked whether the Board could approve the recommendations of the PPRC as a whole.

50. Clarification on the approval of the project proposal for Pakistan (AFB/MIE/DRR/2010/1) was sought and whether the endorsement of the project proposal on behalf of the Government

of Pakistan had taken place after the deadline for submissions of project proposals to the present meeting.

51. The Vice-Chair, Mr. Hiroshi Ono, asked the Manager of the secretariat to explain to the Board the procedure for the submission of project proposals.

52. The Manager said that according to the paragraphs 20 and 21 of the operational policies and guidelines each proposal must be endorsed by the requesting government, and that Pakistan had changed the designation of its designated authority after the submission of the project proposal. The Government of Pakistan was informed that if the project proposal was not endorsed by its designated authority before the meeting of the PPRC the project would not be considered by the PPRC. However, the notification of the new designated authority, as well as the endorsement of the project proposal were received before the meeting, and therefore the proposal had been referred to the PPRC for review.

53. The Board was also asked whether it would be possible to invite the Implementing Entities to the meetings of the PPRC in order that they could clarify any questions that might arise and thus avoid postponing a decision on the proposal until a subsequent meeting of the PPRC. Otherwise, developing countries would not be able to fully understand why their project proposals were being deferred.

54. An explanation was also requested on the distinction that had been made between concept proposals and fully developed proposals, as both types of proposals used the same project template when being submitted to the secretariat.

55. The Chair then proposed that the Board consider the following thematic issues that had been raised by the PPRC.

Project formulation costs

56. The Chair asked the Board for its views on whether project formulation costs ought to be awarded to NIEs to help promote the submission of projects by those entities. He reminded the Board that the current international practice was that when a project was not completed, subsequently the unspent monies would be returned, in the present case to the Adaptation Fund. The two issues to be addressed were whether the Board wished to provide such support in principle, and if so, at what level of funding. The Chair said that it might be possible to consider a fixed amount for small projects and a per cent value of the total cost for larger projects.

57. It was observed that the NIEs were placed at a disadvantage with respect to the MIEs and that the provision of such funding would better balance the two types of entities. It was also observed that the costs would not be high as it was likely that many of the NIEs would only put forward one proposal each. However, it was also suggested that more research was required on the current practice in other funds as it might be desirable to provide such funding to both NIEs and MIEs, and then give additional technical support to the NIEs. It was also asked whether such funding should be available for both the development of project concepts and fully informed projects.

58. Others said that some of the MIEs that did not have their own resources might also receive project formulation support, and that it might be useful for the secretariat to do some research on the issue and it would be necessary to contact all the relevant stakeholders. It was

also observed that both NIEs and MIEs would need to be treated equally unless there was a desire to change the rules of procedure. It was suggested that in any case it would be desirable to make provision, initially for US \$100,000 for project formulation costs, that could be awarded to NIEs to help adjust the balance between NIEs and MIEs.

59. Following the discussion the Board decided:

- (a) To approve in principle funding for project formulation costs for National Implementing Entities;
- (b) To reconsider the issue of project formulation costs for Multilateral Implementing Entities at the eleventh meeting of the Board;
- (c) To request the secretariat to prepare a note on project formulation costs that included a discussion on the practices of international funds when awarding funding for project formulation costs and the need for an amendment to the rules of procedure or the operational policies and guidelines of the Adaptation Fund Board; and
- (d) That the funding for project formulation costs could be awarded retroactively to NIEs once a provision for formulation costs was made by the Board.

(Decision B.10/4)

Implementing entities management fees

60. The Chair said that the report of the PPRC had indicated that there was a variation in the management fees being charged but noted that the Board was still awaiting the response of the World Bank on this issue. He said that there also appeared to be agreement that the Board defer consideration of the issue until its eleventh meeting when it would have a better idea of the issue of management fees and the desirability of waiting to have a larger pool of entities in order to better understand the variation in the practice of charging management fees. The Board agreed to defer consideration of the issue until there was more information available on the practice of charging management fees.

Project and programme review criteria

61. The representative of the secretariat reviewed the project review criteria contained in annex III of the operational policies and guidelines of the Adaptation Fund.

62. Clarification was sought on the method being used to evaluate projects as it was noted that similar problems had been observed in many projects and it was not clear why some had been endorsed and others deferred. It was asked which specific points had led to a project being endorsed and whether there would be a mechanism for the representatives of NIEs to communicate with the PPRC, if there was a need to clarify any issues related to a proposal. The proponents of the proposals needed to know what was expected of them. With reference to the example of the secretariat of the Multilateral Fund for the Implementation of the Montreal Protocol, it was also asked whether it would be possible for the secretariat to communicate with the proponents of a project for clarification of any outstanding questions. The secretariat should be allowed to clean up the text of the proposals so that that time was not wasted by deferring them from one committee meeting to another in a quest for minor clarification. Others asked whether the secretariat possessed the resources required to perform that task.

63. The Chair said that the discussion raised the interesting question of whether the secretariat would have sufficient resources to perform the project and programme review in the future with the expected increase in the number of projects being submitted. The Board would hear back from the ad-hoc committee on secretariat resources that had been created under agenda item 4. He said that it should be possible for the secretariat to communicate with the proponents of projects when relatively minor points needed to be clarified.

64. It was inquired when the PPRC would start to review project proposals and not just the concept proposals. It was noted that the Parties had to be made aware that their projects might be considered in a two stage process even when that had not been their original intention when submitting the proposal.

65. The representative of the secretariat explained that the templates contained five categories that needed to be completely filled out in the case of regular projects and only four of them had to be completed for project concepts. None of the proposals that had been submitted had fully completed the fifth element and so all of the proposals had been treated as project concepts in order to be considered by the PPRC at its first meeting.

66. In a response to a question, the Chair confirmed that the proposals that had been deferred as project concepts at the present meeting could be resubmitted as regular projects at a later meeting.

67. It was also suggested that the secretariat could develop an information sheet explaining the difference between project concepts and fully developed projects, as well as an information sheet on how to complete the template.

68. The Chair said that there had been a rich discussion and there was a need to support the secretariat and to further discuss the issues after the next meeting of the PPRC.

Concrete adaptation projects and programmes

69. The Chair suggested that the Board defer consideration of the agenda item until its eleventh meeting.

Opening committee meetings to observers

70. The Chair asked the Board whether it would be willing to allow observers to attend the meetings of the PPRC. Some wished to have the meetings open unless they needed to be closed for a specific reason. However, those that had originally been in favour of the proposal, were no longer convinced that it would be a good idea as the PPRC had dealt with several difficult issues. The PPRC had been stretched to accomplish its work and presence of too many in the room could overload the committee. However, in the interest of transparency it was suggested that it would still be important to place all the PPRC documents on the web site and encourage stakeholders to comment on them. One member disagreed and said that only the decisions of the PPRC should be on the web site, while others suggested that the technical review of the projects by the secretariat should not be posted as they reflected the work in progress of the PPRC.

71. The Chair pointed out that paragraph 64 of the operational policies and guidelines provides that “[a]ll project proposals submitted will be posted on the Website of the Adaptation

Fund Board. The Secretariat will provide facilities that will enable interested stakeholders to publicly submit comments about proposals.”

72. The Chair said that it appeared that the Board wished to continue to keep the meeting of the PPRC closed for the moment, and that the technical reviews of the proposals should not be posted on the website. He said that the Board could revisit this issue at a later date.

73. Following a discussion the Board agreed to consider all the following recommendations of the PPRC as a whole.

Project proposed by National Implementing Entity.

Senegal: Adaptation to coastal erosion in vulnerable areas (CSE) (AFB/PPRC.1/3)

74. Having considered the comments and recommendations of the Project and Programme Review Committee (PPRC), the Adaptation Fund Board decided:

- (a) To endorse the concept for the proposal AFB/NIE/Coastal/2010/1, in accordance with the operational policies and guidelines;
- (b) To request the secretariat to transmit technical review sheet, contained in document AFB/PPRC.1/3, to Centre de Suivi Ecologique (CSE);
- (c) To further request the secretariat to transmit to the CSE the observations made by the members of the PPRC on the project when discussing it at the first meeting of the PPRC and listed under item (d) below and contained in annex III to the present report; and
- (d) To encourage the CSE to submit a fully-developed project proposal, and to provide to the Adaptation Fund Board the clarifications requested in the technical review sheet, and in the comments of the PPRC, specifically:
 - i. The project references several other adaptation projects in Senegal which deal directly or indirectly with coastal areas but it does not specify how it would be additional. The project proposal should provide more details on how it is linked to the other projects.
 - ii. There are few technical specifications for the proposed infrastructure or management interventions. As these interventions are expected to require most of the project budget, their technical feasibility is a key question. The project proposal needs to provide more details.
 - iii. The project management structure requires clarification. This would need to be elaborated in the final project document, especially the distinction between implementing and executing entities. It should be considered whether the project should be modified to a programme instead. Also, horizontal coordination between location-specific components should be explained in more depth.
 - iv. Explanation on the participation of non-governmental organizations, in particular the Women’s Association, should be provided.

- v. The choice of specific locations and communities as well as other beneficiaries is not explained, which does not allow evaluating the exact expected impact of the project on resilience. Such explanation should be provided.
- vi. There is need for further information on how the project addresses the risks created by climate change; inclusion of an assessment of risks would be helpful. Also, some elements, e.g. the component for Joal, seem to address issues such as waste management and the clearing of canals, and it is not clearly explained how these would contribute to adaptation.
- vii. The proposal also addresses the issue of regulation. It should be explained how such regulations could be put in place when setting that as a milestone.
- viii. The long-term sustainability of the project results after the project end should be explained.

(Decision B.10/5)

Projects proposed by Multilateral Implementing Entities.

Egypt: Adaptation to Sea Level Rise by transferring high risk areas of the Nile Delta coasts to Mariculture (UNDP) (AFB/PPRC.1/4)

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

- (a) To defer consideration of the concept for the proposal AFB/MIE/Coastal/2010/1 until the United Nations Development Programme (UNDP) had resubmitted the concept which would address all the issues raised by the members of the committee or outlined in the secretariat's technical review of the project, and especially which would provide further information on how the project would meet concrete adaptation objectives and did not duplicate activities financed by other sources of funding;
- (b) To request the secretariat to transmit technical review sheet, contained in document AFB/PPRC.1/4, to UNDP;
- (c) To further request the secretariat to transmit to the UNDP the observations made by the members of the committee on the project proposal when discussing it at the first meeting of the PPRC and contained in annex III to the present report; and
- (d) To request UNDP to transmit the comments of the PPRC together with the technical review sheet to the Government of Egypt.

(Decision B.10/6)

Mauritania: Reinforcing Nouakchott City adaptive capacities to reduce sea level rise, flooding, and sand dune encroachment threats (UNDP) (AFB/PPRC.1/5)

76. Having considered the comments and recommendations of the Project and Programme Review Committee (PPRC), the Adaptation Fund Board decided:

- (a) To defer consideration of the concept for the proposal AFB/MIE/Urban/2010/1 until the World Bank had resubmitted the concept which would address all the issues raised by the members of the PPRC or outlined in the secretariat's technical review of the project, and especially which would provide further information on how the project would meet concrete adaptation objectives and did not duplicate activities financed by other sources of funding;
- (b) To request the secretariat to transmit technical review sheet, contained in document AFB/PPRC.1/5, to the World Bank;
- (c) To further request the secretariat to transmit to the World Bank the observations made by the members of the PPRC on the project proposal when discussing it at the first meeting of the PPRC and contained in annex III to the present report; and
- (d) To request the World Bank to transmit the comments of the PPRC together with the technical review sheet to the Government of Mauritania.

(Decision B.10/7)

Mauritius: Adapting Coastal Zone Management to Address the Impacts of Climate Change (UNDP) (AFB/PPRC.1/6)

77. Having considered the comments and recommendations of the Project and Programme Review Committee (PPRC), the Adaptation Fund Board decided:

- (a) To defer consideration of the concept for the proposal AFB/MIE/Coastal/2010/2 until the United Nations Development Programme (UNDP) had resubmitted the concept which would address all the issues raised by the members of the PPRC or outlined in the secretariat's technical review of the project, and especially which would provide further information on how the project would meet concrete adaptation objectives and did not duplicate activities financed by other sources of funding;
- (b) To request the secretariat to transmit technical review sheet, contained in document AFB/PPRC.1/6, to UNDP;
- (c) To further request the secretariat to transmit to UNDP the observations made by the members of the PPRC on the project when discussing it at the first meeting of the PPRC and contained in annex III to the present report; and
- (d) To request UNDP to transmit the comments of the PPRC together with the technical review sheet to the Government of Mauritius.

(Decision B.10/8)

Nicaragua: Reduction of risks and vulnerability from floods and droughts in the Estero Real watershed (UNDP) (AFB/PPRC.1/7)

78. Having considered the comments and recommendations of the Project and Programme Review Committee (PPRC), the Adaptation Fund Board decided:

- (a) To endorse the concept for the proposal AFB/MIE/Water/2010/1, in accordance with the operational policies and guidelines;
- (b) To request the secretariat to transmit technical review sheet, contained in document AFB/PPRC.1/7, to the United Nations Development Programme (UNDP);
- (c) To further request the secretariat to transmit to UNDP the observations made by the members of the PPRC on the project when discussing it at the first meeting of the PPRC and listed under item (e) below and contained in annex III to the present report;
- (d) To request UNDP to transmit the comments of the PPRC together with the technical review sheet to the Government of Nicaragua; and
- (e) To encourage the Government of Nicaragua to submit a fully-developed project proposal through UNDP, and request UNDP to provide to the Adaptation Fund Board the clarifications requested in the technical review sheet, and in the comments of the PPRC, specifically:
 - i. The project should elaborate on the link with the two other on-going projects that seem to encompass some common activities.
 - ii. Component 2 should be better described, especially regarding the adaptation issue it addresses, and its cost should be better justified. The project proposal should clarify how it addresses the causes and not only the symptoms of drought and flooding. The issue of watershed management needs to be addressed, including consideration of effectiveness of ecosystem-based approaches.
 - iii. The proposal should provide a clear analysis of the expected measurable impact of the project, in relation to the overall challenge of flood management.
 - iv. More scientifically based information on precipitation and temperature baselines, anticipated impacts of climate change, as well as information on local ecosystems needs to be provided, together with explanation on how this information will be used in monitoring.
 - v. The planned investment of USD 1 million to capacity building and knowledge management seems high and needs to be clarified.
 - vi. The project will need to clearly identify which technical standards will be followed and the measures to be undertaken to ensure that these standards are met. The technical capacity of MARENA and how it will be augmented should be explained.

(Decision B.10/9)

Pakistan: Reducing risks and vulnerabilities from Glacier Lake Outbursts Floods in Northern Pakistan (UNDP) (AFB/PPRC.1/8)

79. Having considered the comments and recommendations of the Project and Programme Review Committee (PPRC), the Adaptation Fund Board decided:

- (a) To endorse the concept for the proposal AFB/MIE/DRR/2010/1, in accordance with the operational policies and guidelines;
- (b) To request the secretariat to transmit technical review sheet, contained in document AFB/PPRC.1/8, to the United Nations Development Programme (UNDP);
- (c) To further request the secretariat to transmit to UNDP the observations made by the members of the PPRC on the project when discussing it at the first meeting of the PPRC, listed under item (e) below and contained in annex III to the present report;
- (d) To request UNDP to transmit the comments of the PPRC together with the technical review sheet to the Government of Pakistan; and
- (e) To encourage the Government of Pakistan to submit a fully-developed project proposal through UNDP, and request UNDP to provide to the Adaptation Fund Board the clarifications requested in the technical review sheet, and in the comments of the PPRC, specifically:
 - i. The mandate of the Adaptation Fund is to finance concrete adaptation projects. This concept has a significant emphasis on awareness and knowledge related activities, even in the demonstration component. While those may be the best way to address the Glacier Lake Outbursts Floods risk, the justification for this approach would need to be given in the project proposal. Also, the proportion of actual risk management activities that go beyond policy recommendations should be ensured and illustrated in the proposal.
 - ii. The proposal should outline the demonstration activities and technical solutions more precisely to illustrate why they are a national priority. Consistency with national policies should be illustrated more specifically.
 - iii. Links with existing activities should be described in more detail. The proposal should explain how the project would be linked with and build on the existing regional project.
 - iv. Ways of community involvement and selection of beneficiaries should be described in more detail.
 - v. Justification of the 10 per cent management fee should be explained.

(Decision B.10/10)

Solomon Islands: Enhancing resilience of communities in Solomon Islands to the adverse effects of climate change in agriculture and food security (UNDP) (AFB/PPRC.1/9)

80. Having considered the comments and recommendations of the Project and Programme Review Committee (PPRC), the Adaptation Fund Board decided:

- (a) To endorse the concept for the proposal AFB/MIE/Food/2010/1, in accordance with the operational policies and guidelines;
- (b) To request the secretariat to transmit technical review sheet, contained in document AFB/PPRC.1/9, to the United Nations Development Programme (UNDP);
- (c) To further request the secretariat to transmit to UNDP the observations made by the members of the PPRC on the project when discussing it at the first meeting of the PPRC, listed under item (e) below and contained in annex III to the present report;
- (d) To request UNDP to transmit the comments of the PPRC together with the technical review sheet to the Government of the Solomon Islands; and
- (e) To encourage the Government of the Solomon Islands to submit a fully-developed project proposal through UNDP, and request UNDP to provide to the Adaptation Fund Board the clarifications requested in the technical review sheet, and in the comments of the PPRC, specifically:
 - i. Barriers and constraints are discussed in sufficient details and are highly relevant to successful project implementation. Given the seriousness of these barriers, the project proposal should identify how they would be overcome or at least why they would not pose risks to achieving results. The project proposal should include a full risk analysis and risk mitigation measures.
 - ii. The proposal should clearly outline different climate change scenarios and their impact on the adaptation challenge.
 - iii. The project proposal needs to distinguish between food security and agricultural production increases, and which policy and institutional frameworks will be strengthened. It should be clear if the objective is food security related, which includes issues of access, utilization and stability as well as production. The proposal also needs to distinguish between food security at local and national levels, respectively, and ensure that the policy support and project activities are aligned at the same level.
 - iv. The project proposal needs to identify how communities will be targeted, which criteria will be used and what are the means of verification. The proposal must clarify how specific project activities will be selected in the first component of the project instead of alternative ones. More information is needed also on the second component.

- v. As many of the activities are of a very technical nature, the proposal must identify how the needed technical support will be built into the project design, implementation and monitoring. This is key to project success and must be clear in terms of partnerships and coordination arrangements.

(Decision B.10/11)

Turkmenistan: Addressing climate change risks to farming systems in Turkmenistan by improving water management practice at national and community levels (UNDP) (AFB/PPRC.1/10)

81. Having considered the comments and recommendations of the Project and Programme Review Committee (PPRC), the Adaptation Fund Board decided:

- (a) To defer consideration of the concept for the proposal AFB/MIE/Water/2010/2 until the United Nations Development Programme (UNDP) had resubmitted the concept which would address all the issues raised by the members of the committee or outlined in the secretariat's technical review of the project, and especially which would provide further information on how the project would meet concrete adaptation objectives and did not duplicate activities financed by other sources of funding;
- (b) To request the secretariat to transmit technical review sheet, contained in document AFB/PPRC.1/10, to UNDP;
- (c) To further request the secretariat to transmit to UNDP the observations made by the members of the PPRC on the project when discussing it at the first meeting of the PPRC and contained in annex III to the present report; and
- (d) To request UNDP to transmit the comments of the PPRC together with the technical review sheet to the Government of Turkmenistan.

(Decision B.10/12)

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

82. The Chair of the Ethics and Finance Committee (EFC), Ms. Ana Fornells de Frutos (Spain, Annex I Parties), introduced document AFB/EFC.1/L.1/Rev.1 which contained the first 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 and evaluation framework, the code of conduct for the Adaptation Fund Board, CER monetization and other financial issues.

a) Results based management and evaluation framework

83. The Chair of the EFC reported that the EFC had considered document AFB/EFC.1/3/Rev.2, *An approach to implementing Results Based Management – RBM*, which had previously been presented to the Adaptation Fund Board at its ninth meeting, and had been revised in light of the comments received intersessionally from the Board.

84. The EFC members proposed changes to the language on the Fund's goal, impact and objectives in order to align more closely with the wording of both the CMP decisions and the

operational policies and guidelines, as those formed the basis of the Fund's strategic results framework.

85. The EFC had also made additional comments on specific indicators within the strategic results framework, and the Fund level effectiveness and efficiency results framework. The EFC agreed that projects had to include one or two of the core output indicators that were applicable but that no project would need to include all the indicators. The EFC had agreed that for many indicators listed in the effectiveness and efficiency results framework targets, fiscal year 2011 could be considered as a learning year when establishing certain targets. The EFC had also discussed whether the indicators would have to take into account eco-systems and human systems as well, and had observed that those included both long-term indicators, such as ecosystem related indicators, and short-term indicators. As such the long-term indicators were difficult to use as a measure of performances, but they did give an idea of how a project was developing, and whether it was developing in the right direction. It was also explained that only core outputs were measured, and that the indicators provided an orientation on how to move forward at the project level.

86. In the discussion that followed it was suggested that there was a need for a comprehensive consultation on the standardized form that would be needed for the annual project performance report (PPR) of the implementing entities, which otherwise would use different approaches to prepare the PPR documents. The Chair of the EFC assured the Board that the request was included in the recommendation of the EFC on guidance for PPRs being developed by the secretariat, including a proposal on how to move forward with ratings.

87. The Chair of the Board said that more work would need to be done on the issue of vulnerability, as well as its place in the Results Based Management and evaluation framework, especially on the approach to ecosystem related indicators.

88. Having considered the report of the Ethics and Finance Committee (EFC) and the presentation by the Chair of the EFC, the Adaptation Fund Board decided:

- (a) To adopt the approach to implementing results based management, outlined in the document AFB/EFC.1/3/Rev.2, to be implemented in the Adaptation Fund;
- (b) To further adopt the Strategic Results Framework for the Adaptation Fund and the Adaptation Fund Level Effectiveness and Efficiency Results Framework of the RBM document, contained in annex IV to the present report;
- (c) To request the secretariat to develop:
 - i. A monitoring and evaluation framework and guidelines for terminal evaluation;
 - ii. A practical guide or manual on how project baselines and project results frameworks may be prepared;
 - iii. Guidance for project performance reports which will include a proposal on how to move forward with ratings;
 - iv. An independent project web-based publicly accessible database to maintain the transparency of the Adaptation Fund, which should also include

password-protection capabilities, as necessary. The database needed to integrate fully the elements required for proper monitoring of the funded projects which would include the possibility for the secretariat to enter baseline data, milestones, targets, indicators, etc, based on the information provided by the project managers in an agreed template. Project managers should not be able to modify existing data and the database entries for individual projects/programmes should be updated annually in accordance with the annual project/programme report. The development of the system should be fully coordinated with decisions about how performance would be measured; and

- (d) To adopt the proposed budget and activities as contained in Table 1 in Annex 3 of document AFB/EFC.1/3.

(Decision B.10/13)

b) Code of conduct for the Adaptation Fund Board

89. The Chair of the EFC reported that the EFC had considered the draft code of conduct for the Adaptation Fund Board, as contained in document AFB/EFC/1/4/Rev.1. During its discussion the EFC had orally amended the draft code of conduct and suggested that those members who might have a conflict of interest should be absent from the deliberations of the Board or its committees when issue with which they had a conflict of interest was being discussed.

90. Clarification was requested on whether that meant that members and alternates would have to be absent during general discussion that also included an aspect for which they might have a conflict of interest. The Chair of the Board declared that the respective member or alternate should stay when general issues are addressed, and gave as an example the adoption of the report of the meeting. He said that also the issue with which a member might have a conflict was recorded in the report of the meeting, which did not preclude members from being present during the adoption of the report of the whole meeting, or that they would not be able to express an opinion on the other parts of the report.

91. Having considered the comments and recommendations of the Ethics and Finance Committee, the Adaptation Fund Board decided to approve the draft code of conduct as amended by the Ethics and Finance Committee. The Code of Conduct for the Adaptation Fund Board, as amended, is contained in annex V to the present report.

(Decision B.10/14)

c) CER monetization

92. The Chair of the EFC reported that the EFC had heard a presentation by the trustee on CER monetization during which the trustee had provided an update on the CER monetization and had presented alternate approaches to monetization, as contained in document AFB/B.10/Inf.5. The EFC had welcomed the approach presented by the trustee, but agreed that the current CER Monetization Guidelines remained appropriate and did not need to be amended.

93. Having considered the recommendation of the Ethics and Finance Committee, the Adaptation Fund Board decided to approve the recommendations presented by the trustee in its presentation and as contained in document AFB/B.10/Inf.5.

(Decision B.10/15)

d) Financial issues

94. The Chair of the EFC reported that three financial issues had been discussed during the first meeting of the EFC: the status of resources of the Adaptation Fund Trust Fund and Administrative Trust Fund, the work plan for the fiscal year 2011, and the Board and secretariat, and trustee budgets for the fiscal year 2011.

Report on the Status of Resources of the Adaptation Fund Trust Fund and Administrative Trust Fund

95. The Chair of the EFC reported that the EFC had heard a report by the trustee on the status of resources of the Adaptation Fund Trust Fund and Administrative Trust Fund, which was more fully described in document AFB/EFC.1/5. The donations from Spain and Monaco and the pledged donation from Germany had been noted with thanks by the EFC.

96. Having considered the recommendation of the Ethics and Finance Committee, the Adaptation Fund Board decided to approve the recommendation to send letters to thank Spain and Monaco, and Germany upon receipt of the pledged donation to the Adaptation Fund.

(Decision B.10/16)

Work Plan for FY2011

97. The Chair of the EFC explained that the EFC had considered the work plan for the fiscal year July 1, 2010 to June 30, 2011, as contained in document AFB/EFC.1/6, and which had been presented by the Manager of the Adaptation Fund Board secretariat. The EFC had subsequently amended the draft work plan for the fiscal year 2011 to align it with the activities recommended as part of the implementation of an RBM framework accordingly.

98. Having considered the recommendation of the Ethics and Finance Committee, the Adaptation Fund Board decided to approve the amended work plan for the fiscal year 2011, as contained in annex VI to the present report.

(Decision B.10/17)

Board and secretariat, and trustee budget for FY2011

99. The Chair of the EFC summarized the presentations which had been given to the EFC concerning the budget of the Board and secretariat, presented by the Manager of the secretariat, and the budget of the trustee, presented by the trustee, contained in annex IV in the report of the EFC, AFB/EFC.1/L.1/Rev.1.

100. The Chair of the EFC explained that the actual estimates for the secretariat budget against the approved secretariat budget for the fiscal year 2010 amount to US\$ 2,218,358, which represented an overall reduction of 19% over the previously approved budget, which had

been due to unspent funds in the travel, consultants and audit components. The budget for the fiscal year 2011, as initially proposed, amounted to US\$ 2,569,302. The new budgetary lines were due to the request to hire a Junior Professional Associate for the dedicated secretariat staff, and the proposal to renew the contract of a short-term temporary employee, as well as the amounts estimated to cover the field visit proposed by the Accreditation Panel, and the awareness raising work programme to promote the accreditation of NIEs. The last two activities had yet to be considered by the Board and the EFC was also requesting that the budget incorporate the US\$ 80,000 required to start to implement the RBM framework.

101. The Chair of the EFC also explained that the budget estimate for the trustee only covered the period until March 2011, as the Terms and Conditions between the CMP and the World Bank for the provision of trustee services would expire automatically three months after the sixth CMP, unless a decision to extend those services is made by the CMP in November 2010, and then agreed by the World Bank. The EFC had discussed the steps required to extend the interim arrangements with the current trustee. The EFC Chair also said that the trustee had explained that there had been a significant reduction in the budgeted costs of the trustee during 2010.

102. Another issue raised by the EFC was the lack of detailed information on the GEF staff working for the secretariat. The Manager of the Adaptation Fund Board secretariat had explained that the estimate was not for actual and planned work, but was rather an estimation of the support that the GEF provided to the Board and the secretariat, which not only included staff work but also the structure provided by the GEF. That amount stood at the same level as the previous year, with the provision of a 3% increase for inflation. That calculation would be revised during the following fiscal year for 2012. The EFC had agreed that in the future the work of the GEF staff would have to be documented to account for the actual hours of work performed in order to provide for a better calculation of costs. The cost overrun for the meetings component was also discussed and the secretariat had explained that it had been mainly due to the fact that, when the budget for the fiscal year 2010 had been calculated, the invoices for the previous fiscal year had not yet been available. The major part of that component was constituted by the interpretation services being provided to the Board.

103. It was suggested to use official estimates for the inflation rate for the coming year instead of the estimate that had been provided.

104. The EFC also considered how to strengthen the capacities of the secretariat in the expectation of an increase in its workload. The issue had been addressed through the proposal for a new position of a Junior Professional Associate and the renewal of a short-term temporary contract. However, several were of the opinion that the strengthening of the secretariat had to go beyond that. The ad-hoc committee, set up by the Chair of the Board under agenda item 4, to consider the issue of strengthening the secretariat, made two proposals: provision should be made to hire an additional F-level staff member to support screening and review activities of the secretariat and, to reduce the burden on the secretariat. Secondly, the number of meetings should be reduced to three Board meetings per year and three Accreditation Panel meetings per year. The Board welcomed the proposal of hiring an additional staff member to the secretariat but considered that it was premature to take a decision on reducing the number of meetings before the Board had a better sense of how the number of project proposals and accreditation applications might increase. The secretariat would have to be able to react to an unexpected increase in the number of applications, but it was also suggested that with the increased resources the secretariat would be able to cope. However, it was also observed that

consultants could be hired to help respond to an unexpected increase in the number of applications.

105. Due to pending decisions which might have had budgetary implications, the Board considered agenda 11 (c) under the present agenda item. Having considered the recommendations of the Ethics and Finance Committee and the ad-hoc committee on strengthening the secretariat, the Board decided:

- i. To approve the modified budget of US \$2,719,347, contained in annex VII to the present report, to cover the costs of the operations of the Adaptation Fund Board and its secretariat over the period July 1, 2010 to June 30, 2011, from the resources available in the Adaptation Fund Trust Fund;
- ii. To approve an estimated budget of US \$913,000, contained in annex VII to the present report, to cover the fees and expenses of the trustee for the period July 1, 2010 to March 31, 2011, which is comprised of US \$520,000 for CER Monetization services, and US \$393,000 for all other trustee services;
- iii. To request the trustee to prepare a draft extension of the terms and conditions for the interim services provided by the trustee, for consideration and approval by the Adaptation Fund Board at its eleventh meeting. Given that the current terms and conditions for trustee services will automatically expire on March 2011, such a recommendation for extension of the interim arrangements should be included in the report of the Board to the Meeting of the Parties to the Kyoto Protocol for its consideration and subsequent approval at its sixth meeting in November 2010;
- iv. To note that the unspent balance of the salary for the Manager of the Adaptation Fund Board secretariat, originally approved in budget for the fiscal year 2009, will be used by the secretariat to cover salary expenses of the Manager until February 2011;
- v. To approve the renewal of the contract of a short-term temporary at an amount of US \$24,807 per annum; the creation of a new position of a Junior Professional Associate at an amount of US \$66,795 per annum; and the creation of a new F-level position for a Program Officer to support the activities of the secretariat on the project proposals at an amount projected to be US \$153,481 per annum;
- vi. To note that the budgetary line “support to the Chair (communications)” should be spent on communications and awareness raising activities; and
- vii. To request the Global Environment Facility to provide during the fiscal year 2011 a more detailed and documented expenses report for support tasks, in order to better audit the accounts.

(Decision B.10/18)

Agenda Item 8: Work programme to promote the accreditation process of National Implementing Entities (NIEs)

106. The Chair of the Board introduced the work programme to promote the accreditation process of NIEs, described in document AFB/B.10/6 and which contained a list of the meetings that could be attended by representatives of the secretariat in order to promote the accreditation process of NIEs, as well as the budgetary implications of such a programme.

107. The Chair observed that the secretariat had presented a number of options but that no meetings had been suggested for the regions of Latin America and the Caribbean or Eastern Europe. It was suggested that the secretariat consider attending a meeting being organized by Spain in October in Montevideo, Uruguay, at which time the Adaptation Fund could approach the Latin American stakeholders to explain its activities. The Board was also informed that a climate change conference was being organized in Georgia in September and Ms. Medeia Inashvili (Georgia, Eastern Europe) would make inquiries and provide further details on that meeting to the secretariat.

108. The Chair reminded the Board that some of the meetings would take place at the ministerial level while others would address more technical questions. He asked for the Board's views on which types of meetings should be attended. It was suggested that in the case of Africa the best way to inform the targeted stakeholders would be by attending meetings at the ministerial level, and it was suggested that the 13th meeting of the African Ministerial Conference on the Environment (AMCEN), being held in Bamako, Mali, would be a good occasion for the Adaptation Fund Board to raise awareness of the accreditation process of NIEs.

109. The secretariat informed the Board that it had already been invited to attend that meeting. For the Asian meetings proposals the Board discussed that the meeting in Astana, Kazakhstan would be favored. Additionally, an outreach activity in Eastern Europe would be possible.

110. The Chair explained that the secretariat would not be able to attend more than three meetings: one in Africa, one in Asia and one in either Latin America or the Small Islands Developing States.

111. Some were of the view that it would be better for the members of the Board to attend the meetings in their own regions, as that would be less costly than asking the secretariat to attend them. Others were of the view that it would be more profitable to attend the meetings being held under the UNFCCC in preparation for the 6th CMP and to make presentations at side-events at those meetings and at the 6th CMP as well. Another suggestion was that it would be useful to conduct workshops to help countries develop NIEs, or to have a forum on NIEs along the lines followed in the Clean Development Mechanism (CDM); and it was also suggested to send multimedia presentations to ministers and other high level stakeholders. A number of issues had been highlighted in the discussion. The principal objective was to facilitate and promote the accreditation of NIEs in the most appropriate way. However, balance between the number of MIEs and NIEs being accredited has to be achieved as well. It was suggested that a cap be put on the number of MIEs to be accredited, or that the MIEs be requested to prioritize their projects and only submit the best for consideration. However, others had suggested that such a prioritization could disadvantage some countries that had not yet decided to establish their own NIEs. It might also prove a disincentive to MIEs such as UNDP that had already had a number of projects accepted. Countries would still need to have adaptation projects approved, whether

they were submitted by NIEs or MIEs, and they had to remain free to decide whether they would use an MIE or establish their own NIE.

112. While the Board wished to raise the awareness about the NIEs and what the countries had to do to establish them, decisions taken on that issue might have implications on the rules of procedure and on the operational policies and guidelines. In summing up, the Chair said that as the secretariat had already been invited, it would attend the AMCEN event in Bamako, Mali and the Manager of the Adaptation Fund Board secretariat would report on that activity in her report at the eleventh meeting of the Board. The secretariat would also make arrangements to hold a side-event on NIEs accreditation during the sixth CMP in Cancun, Mexico. It was also suggested that the secretariat explore the possibility of holding the eleventh meeting of the Board in China during October 2010, back-to-back with a meeting of an ad-hoc working group of the UNFCCC.

113. Further discussion of possible location of the eleventh meeting of the Board took place under agenda item 12 "Board meetings for 2010".

114. Following the discussion on the work programme to promote the accreditation process of National Implementing Entities (NIEs), the Board decided:

- (a) That the Manager of the Adaptation Fund Board secretariat shall accept the invitation and attend the 13th meeting of the African Ministerial Conference on the Environment (AMCEN), being held in Bamako, Mali, and make a presentation on the accreditation process of NIEs during a side-event on June 24, 2010 there;
- (b) That the secretariat would make arrangements to hold a side-event on the accreditation process of NIEs on the margins of the UNFCCC talks to be held in China, in October 2010;
- (c) That the secretariat would also make arrangements to hold a side-event to promote the accreditation process of NIEs on the margins of the Climate Change Conference to be held in Cancun, Mexico, in November 2010; and
- (d) That the Board may consider intersessionally, once more information is available, attending the climate change conference being organized in Georgia, in September 2010.

(Decision B.10/19)

Agenda Item 9: Issues remaining from the Ninth Meeting of the Adaptation Fund Board

a) Initial Funding Priorities

115. The Chair introduced document AFB/B.10/5, *Initial Funding Priorities*, which had initially been considered by the Board as document AFB/B.8/7/Rev.1 at its eighth meeting and which had been revised following the Board's request.

116. The Board decided:

- (a) To defer consideration of the agenda item until its eleventh meeting;

- (b) To send submissions on the proposal contained in document AFB/B.10/5 to the secretariat by August 30, 2010, and
- (c) To request the secretariat to compile those submissions in an informative document for the eleventh meeting.

(Decision B.10/20)

b) Results-based management and evaluation framework for the Adaptation Fund

117. The agenda item was discussed under agenda item 7 “Report of the first meeting of the Ethics and Finance Committee”.

c) Presentation by Dr. Kristie L. Ebi, Executive Director of Working Group II of the Intergovernmental Panel on Climate Change (IPCC) on vulnerability indexes

118. The Board heard a presentation by Dr. Kristie L. Ebi, Executive Director of Working Group II of the Intergovernmental Panel on Climate Change (IPCC) on vulnerability indexes. In her presentation Dr. Ebi said that Working Group II considered vulnerability to be the degree to which a system was susceptible to, or unable to cope with, the adverse effects of climate change, including climate variability and extreme climate changes. However, she pointed out that the definitions of vulnerability varied across sectors and that vulnerability was a function of the character, magnitude, and the rate of change and variation to which a system was exposed, as well as its adaptive capacity and sensitivity, where sensitivity was defined as the degree to which a system was affected by climate variability and change. Dr. Ebi explained that the definition being used viewed vulnerability as being the expected net damage after all possible adaptation and mitigation measures were taken. As such, adaptive capacity determined vulnerability, and the definition differed from other definitions which measured vulnerability as being determinative of adaptive capacity. There was not one metric which could be applied in all cases.

119. Dr. Ebi illustrated her point with a number of examples and said that for human systems, vulnerability related to the consequence of exposure and not to the exposure itself and was therefore highly dependent on both its context and scale. Vulnerability could change over spatial and temporal scales and had both socio-economic and bio-physical dimensions. However, while gross domestic product (GDP) was important, it was not the best predictor of vulnerability. Defining levels of vulnerability for intervention was therefore a social and political process that often depended on the questions being asked and different indicators for vulnerability would be generated depending upon the approach taken. She said that vulnerability was challenging because there were a number of different definitions, and further that the general public had its own opinion as well. As a result, the definitions did not coalesce into a general understanding of who was, or was not, vulnerable. The way forward was to increase the understanding of socio-economic and bio-physical dimension of current vulnerability at local and national scales and to incorporate projected impacts under a range of development pathways.

120. Following the presentation, a number of members asked whether Dr. Ebi could recommend a vulnerability index for use by the Board as the presentation had not answered the question of how the Board should make that assessment among developing countries. Some also said that the presentation had focused on the socio-economic indicators of vulnerability and had not sufficiently considered the question of vulnerability to the physical effects, or the hazards, of climate change. Dr. Ebi was asked whether the IPCC had considered looking at the

physical and economic aspects of vulnerability as well. It was also important to consider the per cent of the GDP being affected as well as the per cent of the population being affected. Not enough attention had been paid to small island developing states which were particularly vulnerable to the effects of climate change, and Dr. Ebi was referred to the indicators used by the World Bank which captured that concern, as well as a number of other gaps that were observed during the discussion. It was also pointed out that the indicators used by the World Bank seemed to take a wider approach to the issue of vulnerability.

121. It was also observed that the presentation demonstrated the level of uncertainty that existed with respect to vulnerability indexes, and as a result it had only been possible to present examples of different types of vulnerability. More information was needed on vulnerability to a number of indicators such as temperature change and storm surges. From the information presented it appeared that no one measure could be applied and the vulnerability of a country had to be determined by each country itself. There was also not enough information on how to calculate vulnerability to extreme events which tended to be underestimated, and which could be expected to rise more frequently with climate change. However, the presentation did give some guidance on how to measure net damage due to vulnerability, and Dr. Ebi was also asked whether her work would provide guidance on where to invest within vulnerable countries as well.

122. Dr. Ebi explained that the presentation had only presented a number of examples in order to demonstrate that different metrics of vulnerability were possible and that other examples could have equally been used. She acknowledged that the Board had a difficult task and that there was no one metric that could indicate who was the most vulnerable. Both the Netherlands and Bangladesh faced the same physical risk but there was a difference in the vulnerability of the two countries because of different socio-economic factors. The impact of the exposure to risk of vulnerability could only be pointed out broadly. However, a number of new scenarios were being developed which would be discussed later in the year at a workshop for Working Groups III and IV of the IPCC. The fifth report of the IPCC would contain a series of chapters on the vulnerability in terms of food security, human health, water, and ecosystems, as well as a chapter on small-island developing states.

123. The Chair thanked Dr. Ebi and observed that the IPCC could not provide a single solution to the problem of how to assess vulnerability. However, the discussion had been productive and a number of important issues had been raised, among which was the need to consider the role of GDP and assets at risk, as well as populations at risk. Further discussion of the subject was necessary and the subject would be placed on the agenda for the eleventh meeting of the Board, at which time the Board would also have a technical paper on the subject from the secretariat.

Agenda Item 10: CER monetization

124. The Board heard a presentation by the trustee on the situation in the carbon markets, in particular on the developments in the United States of America, as well as the likely effects of regulatory changes in the European Union after 2012, including those that appeared in a document that had been unofficially released to the press. The trustee also informed the Board that there had been a decrease in the estimate of the potential resources from the monetization of the CERs up to the end of 2012. The mid-range estimate had decreased from US \$365 million to US \$ 330 million due to lower CER issuance estimates by UNEP-Risoe, and the weaker euro.

125. The trustee reported on the sale of CERs during the intersessional period and said that during March and April 2010 the market had been particularly liquid which had allowed the trustee to increase its over-the-counter sales of CERs and realize a better average price on those sales. The trustee also explained that the costs associated with over-the-counter sales on the BlueNext Exchange could be divided into fixed and variable costs. For the year ending May 31, 2010, the fixed costs had amounted to €15,000 of which half of that amount represented a one-time membership fee, with the result that fixed costs would be reduced by half for future years. The variable costs related to the transactions amounted to €32,290, with the total costs associated with the transactions being €47,290, or 0.23 per cent of the revenues raised from BlueNext sales of CERs.

126. One member sought clarification on the multiplier condition being proposed by the European Union for certain CERs. The trustee explained that the proposal of the European Union was not yet official policy, but that a multiplier could function by only granting, for example, one ton of credits for two tons of reductions. Regarding HFC 23 projects, the trustee said that the European Union was not alone in suggesting a restricted use of CERs generated from these and other industrial gas projects, and that United Nations system was also suggesting restricting their use. The trustee offered to direct Board members to EU list of countries whose CERs may no longer be acceptable for use in the European Union if they were registered after 2012.

127. Following the discussion, the Board took note of the report by the trustee on CER monetization.

Agenda Item 11: Financial Issues

a) Status of Resources of the Adaptation Fund Trust Fund and Administrative Trust Fund

128. The Trustee introduced the document *Financial Status of the Adaptation Fund Trust Fund and Administrative Trust Fund*, as at April 30, 2010, contained in document AFB/EFC.1/5, and which had been considered by the Ethics and Finance Committee and reported under agenda item 7. The trustee said that since that report had been issued, a further US \$36.75 million had been received for a total of US \$145 million available in the Adaptation Fund Trust Fund to support new funding decisions. The trustee also reminded the Board of the status of the contributions to the Administrative Trust Fund, and informed the Board that the governments of France, Finland, Japan, Norway and Switzerland had pledged to donate their remaining unused contributions, or some US \$291,935, to the Adaptation Fund Trust Fund.

129. Mr. Jan Cedergren (Sweden, Western European and Others Group) said that Sweden would make a contribution of approximately EUR 10 million to the Adaptation Fund.

130. The Board took note of the presentation by the trustee.

b) Work Plan for Fiscal Year 2011

131. The agenda item was discussed under agenda item 7 "Report of the first meeting of the Ethics and Finance Committee".

c) Board and secretariat, and trustee budget for Fiscal Year 2011

132. The Chair reminded the Board that the issue had already been addressed under agenda item 7 “Report of the first meeting of the Ethics and Finance Committee”.

Agenda Item 12: Board meetings for 2010

133. The Board was reminded that the eleventh meeting of the Board was tentatively scheduled to be held in Bonn from 14 to 16 September and that the secretariat was finalizing the arrangements to hold the twelfth meeting of the Board in Mexico, back-to-back with the sixth meeting of the CMP, from 13 to 15 December 2010.

134. It was suggested to change the dates of the eleventh meeting from 14-16 September 2010 to 15-17 September 2010 to accommodate the start of Ramadan.

135. The Chair informed the Board that he may have difficulties to attend the next Board meeting but that he would make his best effort to be present.

136. Following a discussion, the Board decided:

- (a) To hold its eleventh meeting in Bonn, 15 to 17 September 2010; and
- (b) To hold its twelfth meeting in Cancun, Mexico, 13 to 15 December 2010, back-to-back with the sixth Conference of the Parties serving as the Meeting of the Parties to the Kyoto Protocol.

(Decision B.10/21)

Agenda Item 13: Other Matters

Letter from the Secretariat of the United Nations International Strategy for Disaster Reduction

137. The Board was informed that the Chair had received a letter from Ms. Margareta Wahlström, Special Representative of the Secretary General for Disaster Risk Reduction, requesting an opportunity to address the Board on the importance of reducing the vulnerability to natural hazards, as well as the importance of taking preventative action, and the existing technical capacities and available experiences derived from efforts to build resilience and adaptive capacity by reducing disaster risk.

138. The Chair welcomed the initiative and said that he would write to Ms. Wahlström to see how that request could be accommodated.

Letter from the United Nations Capital Development Fund

139. The Board was further informed that the Chair had also received a letter from United Nations Capital Development Fund requesting accreditation as a multilateral implementing entity. He said that the Board would consider the issue and take an intersessional decision on whether to invite further multilateral organizations in general, and UNCDF in particular, to submit their applications for accreditation as MIEs for the Adaptation Fund.

Agenda Item 14: Adoption of the report

140. The Chair informed the Board that it would follow its established practice and adopt the report of its tenth meeting intersessionally.

Agenda Item 15: Closure of the Meeting

141. The Chair informed the Board that Mr. William Kojo Agyemang-Bonsu was resigning from the Board to take up a position with the UNFCCC secretariat. The members and alternates expressed their gratitude to Mr. Agyemang-Bonsu for all his hard work on behalf of the Board, both as Chair of the Accreditation Panel and as one of the original alternate members of the Board. It was agreed that the Vice-Chair of the Accreditation Panel, Mr. Jerzy Janota Bzowski (Poland, Eastern Europe) would take over the chairmanship of the Panel, and choice of the second Board member to serve on the Panel would be made intersessionally.

142. Following the customary exchange of courtesies, the Chair declared the meeting closed on Wednesday, 16 June 2010 at 5.30 p.m.

MEMBERS AND ALTERNATES PARTICIPATING AT THE TENTH MEETING

MEMBERS		
Name	Country	Constituency
Mr. Cheikh Ndiaye Sylla	Senegal	Africa
Mr. Abdulhadi Al-Marri	Qatar	Asia
Mr. Wang Zhongjing	China	Asia
Mr. Jerzy Janota Bzowski	Poland	Eastern Europe
Ms. Medeia Inashvili	Georgia	Eastern Europe
Mr. Jeffery Spooner	Jamaica	Latin America and the Caribbean
Mr. Luis Santos	Uruguay	Latin America and the Caribbean
Mr. Hans Olav Ibrekk	Norway	Western European and Others Group
Mr. Jan Cedergren	Sweden	Western European and Others Group
Mr. Peceli Vocea	Fiji	Small Island Developing States
Mr. Hiroshi Ono	Japan	Annex I Parties
Mr. Ricardo Lozano Picon	Colombia	Non-Annex I Parties
Mr. Farrukh Iqbal Khan	Pakistan	Non-Annex I Parties

ALTERNATES		
Name	Country	Constituency
Mr. Richard Mwendandu	Kenya	Africa
Mr. Elsayed Sabry Mansour	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 America and the Caribbean
Mr. Santiago Reyna	Argentina	Latin America 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 Shawkat 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
Mr. William Kojo Agyemang-Bonsu	Ghana	Non-Annex I Parties
Mr. Bruno Sekoli	Lesotho	Non-Annex I Parties

ADOPTED AGENDA OF THE TENTH MEETING

1. Opening of the meeting.
2. Organizational matters:
 - (a) *Adoption of the agenda;*
 - (b) *Organization of work.*
3. Report on intersessional activities of the Chair.
4. Secretariat activities.
5. Report of the Accreditation Panel.
6. Report of the first 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 first meeting of the Ethics and Finance Committee (EFC) on:
 - (a) Results Based Management and Evaluation Framework;
 - (b) Code of Conduct for the Adaptation Fund Board;
 - (c) CER monetization;
 - (d) Financial issues.
8. Work programme to promote the accreditation process of NIEs.
9. Issues remaining from the 9th Board meeting:
 - (a) *Initial funding priorities and resource allocation for the Adaptation Fund;*
 - (b) *Results Based Management and Evaluation Framework for the Adaptation Fund;*
 - (c) *Presentation by Dr. Kristie L. Ebi, Executive Director of WG II of IPCC, on vulnerability indexes.*
10. CER monetization.
11. Financial issues:
 - (a) *Status of resources of the Adaptation Fund Trust Fund and Administrative Trust Fund;*
 - (b) *Work Plan for year 2011;*
 - (c) *Board and secretariat budget for year 2011.*
12. Board meetings for 2010.
13. Other matters.
14. Adoption of the report.
15. Closure of the meeting.

COMMENTS MADE BY THE PROJECT AND PROGRAMME REVIEW COMMITTEE
DURING THE EVALUATION OF PROJECT PROPOSALS

Senegal: Adaptation to Coastal Erosion in Vulnerable Areas (CSE)
(AFB/NIE/Coastal/2010/1)

A number of members expressed their satisfaction that a project proposal had come forward from an NIE. However, there was also a feeling that there was a need for greater detail in the project proposal and a need to show how the project was linked to similar projects in Senegal. It was also observed that three of the components of the project did not seem to be particularly related to each other and that the concept might better be described as a programme than as a project. While it was good that stakeholders had been consulted, there was a need for more of an explanation of how the non-governmental organizations, and in particular the Women's Association, would participate in the project. It was also noted that there appeared to be some confusion of terms and that the phrase National Implementing Entity had been used when National Executing Entity had been meant. It was also observed that there was need for further information on how the project addressed the risks created by climate change and it was felt that the inclusion of an assessment of risks would be helpful. Some elements, such as the component for Joal, seemed to address environmental issues of waste management and the clearing of canals instead of adaptation issues per se. It was also noted that while it was important to address the issue of regulation, it was also important to ensure that such regulations could be put in place when setting that as a milestone. Some members also felt that it was important that the project did not simply address the medium term and would be sustainable for the future.

Egypt: Adaptation to Sea Level Rise by transferring high risk areas of the Nile Delta coasts to Mariculture (UNDP) (AFB/MIE/Coastal/20101/1)

While the committee understood the threat posed by sea level rise to the coastal areas of Egypt, and recognized the considerable intellectual input included in the proposal, a number of members expressed their concern that the proposal did not contain sufficient information on how the project to increase mariculture would impact on the local population. In particular, it was observed that while the target population for the project were fishermen, the project itself was to create fish farms on land. It was also noted that there was no information provided on the impact that the project might have on agriculture. There was a lack of information on the cost effectiveness of the project. It also did not appear that the impact on the ecosystems had been sufficiently considered. The project rather appeared to be a development project and not an adaptation project. It was suggested that it was necessary to clarify the role of the integrated coastal zone management project in the Nile Delta, funded by the Special Climate Change Fund (SCCF), as the technical review by the secretariat suggested that the proposed project was linked to this relatively similar project. It was also observed that there was a lack of information on the effects that climate change, such as changes in the level of the sea, might have on the long-term sustainability of the project.

Mauritania: Reinforcing Nouakchott City Adaptive Capacities to Reduce Sea Level Rise, Flooding, and Sand Dune Encroachment Threats (World Bank) (AFB/MIE/Urban/2010/1)

The Project and Programme Review Committee recognized the risks posed by climate change, including sea level rise and aggravated land degradation, and acknowledged the intellectual input included in the proposal. It was observed that the project proposal appeared to have two distinct components, one dealing with desertification and the other with coastal zone planning, and it was not clear how the two were linked. There was also a lack of information on the science of climate change and the effect of climate change in the proposal. The costs involved also seemed to be excessive and needed clarification. In particular the component for coastal zone planning appeared to relate principally to planning and information support and did not seem to be related to concrete adaptation

activities. The overall cost of the project was high and the core adaptation project only represented a part of the overall budget for the concept.

Mauritius: Adapting Coastal Zone Management to Address the Impacts of Climate Change (UNDP) (AFB/MIE/Coastal/2010/2)

Concern was expressed at the use of demonstration projects and it was noted that they appeared to principally support the interests of the tourism sector. It was stressed that it was important that the Adaptation Fund meet the needs of the community concerned and not be used to support private business ventures. It was also not clear why the particular demonstration projects had been chosen and who would benefit from the developments in long term. The Project and Programme Review Committee was reminded that the purpose of the Adaptation Fund was to fund long-term adaptation projects. The project proposal also did not give sufficient information about the effects of climate change on the projects and it was felt that it would be important to provide an assessment of risks to illustrate those threats. However, it was reminded that coastal protection was a crucial theme for small island developing states and said that it was important to remember that the benefits of tourism were not restricted to private enterprise and that in any case others would also benefit from the protection of coastal areas, as well.

Nicaragua: Reduction of risks and vulnerability from floods and droughts in the Estero Real watershed (UNDP) (AFB/MIE/Water/2010/1)

It was pointed out that the project appeared to address the symptoms and not the causes of drought and flooding and it was felt that the issue of watershed management needed to be addressed as well. The most common form of fuel in the region was wood which led to deforestation and that had an impact on flooding. The creation of reservoirs was only part of the solution. An ecosystem approach to the problem would be more effective and more information on the science of climate change needed to be provided to the Project and Programme Review Committee, as well as information on local ecosystems. At the very least, there was a need for information on precipitation and temperature to provide a baseline to monitor the effects of climate change on the project. Concern was expressed that the funding requested would be insufficient to achieve real flood management and it was asked whether the Ministry of the Environment and Natural Resources was the appropriate executing entity for the project.

Pakistan: Reducing risks and vulnerabilities from Glacier Lake Outburst Floods in Northern Pakistan (UNDP) (AFB/MIE/DRR/2010/1)

The focus on strengthening knowledge and information on glacier lake outburst floods was questioned, but it was also pointed out that given the nature of the problem being addressed, the only effective adaptation measure for the local population was being informed about the risks. However, there appeared to be too much of an emphasis on policy recommendations and not enough of a focus on risk management *per se*. It was also thought that local communities needed to be involved in the project as well. Concern was also expressed that UNDP was applying a flat management fee of 10 per cent on the project. While that was a common practice it was observed that it might be excessive in this case.

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)

It was felt that there was a need for more information to be provided on the second component of the project proposal, as well as further details on how the funds were to be used for the first component of the project. Information would also be needed on different climate change scenarios.

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

Although it was stressed that water use was an important issue in Central Asia, there was insufficient information provided to approve the proposal in its current form. It was also pointed out that there was a risk that the milestone for the first component might not be met as it appeared to require a change in legislation which might not be within the power of executing entity. Further information was therefore required on the other actors involved in ensuring that such legislation could be enacted. One of the most important challenges being faced in making adaptation projects effective was to ensure that a sound regulatory regime was put in place.



ADAPTATION FUND

AFB/EFC.1/3/Rev.1
June 16, 2010

Adaptation Fund Board
Ethics and Finance Committee
First Meeting
Bonn, June 14, 2010

Agenda item 3

AN APPROACH TO IMPLEMENTING RESULTS BASED MANAGEMENT - RBM

I. BACKGROUND

1. At its eight meeting in November 2009, the Board considered the paper *Results-based management framework (RBM) for the Adaptation Fund*, contained in document AFB/B.8/8. The Board requested the secretariat to present a more detailed paper for its consideration at its ninth meeting, outlining a possible approach for RBM and evaluation. There was agreement that further attention be given to the development of RBM as specified in the operational policies and guidelines for Parties to access resources from the Adaptation Fund.

2. The Board highlighted that the RBM approach should be commensurate with the resources available. With this in mind, the implementation of an RBM approach could take place stepwise, applying the lessons learned by the Board in planning, monitoring and evaluation. The Board requested that reporting requirements be kept as simple as possible, and that the process be streamlined to include only a limited number of key indicators. The Board agreed to an RBM approach with the following components and asked the secretariat to:

- **Develop a Fund Strategic Results framework** with objectives and a **small set of measurable indicators** to measure achievement of results. Indicators can be quantitative or qualitative factors or variables that provide a simple and reliable means to measure achievement, or to reflect changes connected to an operation or activity. The RBM framework will include a mix of both quantitative and qualitative indicators
- **Design a Performance Monitoring and Reporting System.** The system **should capture ongoing results** through the collection and analysis of a small number of indicators that are timely, reliable, and cost-efficient.
- **Integrate Evaluation** into the project cycle as a key performance tool. Evaluations should be conducted at midterm and by project termination for all projects, at a minimum.
- **Integrate Learning and Knowledge Management (KM) into the project cycle.**
- **Define Roles and Uses of Performance Information** for accountability and knowledge generation and dissemination.
- **Include an indicative Budget** that follows a gradual approach to introducing RBM.

3. The approach to RBM outlined in this paper suggests concrete actions for each of these components and it builds on the operational policies and guidelines:

The Adaptation Fund shall finance concrete adaptation projects and programmes. A concrete adaptation project is defined as a set of activities aimed at addressing the adverse impacts of and risks posed by climate change. Adaptation projects can be implemented at the community, national, and transboundary level. Projects concern discrete activities with a collective objective(s) and concrete outcomes and outputs that are more narrowly defined in scope, space, and time. An adaptation programme is a process, a plan, or an approach for addressing climate change impacts that is broader than the scope of an individual project.

4. For the purpose of developing projects to support adaptation action, this paper follows the IPCC¹ and defines adaptation as follows:

Adaptation is the: adjustment in natural or human systems in response to actual or expected climatic stimuli or their effects, which moderates harm or exploits beneficial opportunities. Various types of adaptation can be distinguished, including anticipatory, autonomous, and planned adaptation. Planned adaptation is the result of a deliberate policy decision, based on an awareness that conditions have changed or are about to change and that action is required to return to, maintain, or achieve a desired state.

5. For the purposes of developing an RBM approach for the Fund, it is necessary to have a common understanding of vulnerability. In this paper, vulnerability is again in line with the IPCC:

The degree to which a system is susceptible to, and unable to cope with, the adverse affects of climate change, including climate variability and extremes. Vulnerability is a function of the character, magnitude and rate of climate change and variation to which a system is exposed, its sensitivity, and its adaptive capacity.

II. THE DRAFT STRATEGIC RESULTS FRAMEWORK

6. The success of the Fund's RBM approach depends on the strategic directions from the AFB, and on the strong capacity of the recipient country to monitor and report at the project level. As part of the strategic planning process, the *strategic results framework* is the basis for an RBM system. The framework will enable the Board to translate its mandate into tangible results to support ongoing planning, management and results monitoring and measurement. Further, it lays out objectives and priorities, supports the measurement of results, and helps demonstrate contributions to higher level goals, for example the CMP goals.

7. For the Fund, it is necessary to formulate the Strategic Objectives based on the already agreed upon strategic priorities:

1. SP1: Assist the developing country Parties to the Kyoto Protocol that are particularly vulnerable to the adverse effects of climate change in meeting the costs of adaptation
2. SP2: *Finance concrete adaptation projects and programmes that are country driven and are based on the needs, views and priorities of eligible Parties*

8. The Fund approach would focus on reducing vulnerability and increase adaptive capacity to respond to the impacts of climate change, including variability at local and national levels. The results framework will include measures of adaptive capacity or resilience; of vulnerability and exposure, and measures of country participation. The Board may consider including more detail on the strategic results framework, in order to make it a more effective monitoring tool and to guide country programmes to building effective monitoring frameworks. For the broad results area, the Board should explicitly lay out what the Fund is doing and how its funding will impact different groups in society.

¹ IPCC, 2007: Climate Change 2007: Impacts, Adaptation and Vulnerability. Contribution of Working Group II to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change. Appendix I: Glossary.

9. The strategic results framework proposed for the Fund incorporates the above definitions of adaptation and vulnerability, identifies one high level goal and aligns objectives and appropriate indicators, all essential for utilization of resources, monitoring progress toward results and evaluating these results. Expected results are defined at outcome and output levels and are formulated so that they are measurable, verifiable, and relevant.

10. The results architecture for the Fund is framed as follows:

Goal: Assist developing country *Parties to the Kyoto Protocol* that are particularly vulnerable to the adverse effects of climate change in meeting the costs of concrete adaptation projects and programmes, in order to implement climate resilient measures.

Impact:

Increased resiliency at the community, national, and regional levels to climate variability and change

Objective: Reduce vulnerability and increase adaptive capacity to respond to the impacts of climate change, including variability at local and national levels.

11. Outcomes are the main measure in an RBM framework that explains the intended changes in development conditions that result from projects activities. They are medium-term development results created through the delivery of outputs and the contributions of various partners and non-partners. Outcomes provide a clear vision of what has changed or will change globally or in a particular region, country or community within a period of time. They normally relate to changes in institutional performance or behavior among individuals or groups.

12. The full Strategic Results Framework is presented in Annex 1 to the present document.

<p>1. Box 1: Key RBM Terms</p> <p>The RBM terms used in this section are the harmonized terms of the UNDG, and are in line with the Organisation for Economic Co-operation and Development-Development Assistance Committee (OECD-DAC) definitions.</p> <p>Results: Changes in a state or condition which derive from a cause-and- effect relationship. There are three types of such changes which can be set in motion by a development intervention – its output, outcome and impact.</p> <p>Goal: The higher-order objective to which a development intervention is intended to contribute.</p> <p>Impact: Positive and negative long-term effects on identifiable population groups produced by a development intervention. These effects can be economic, socio-cultural, institutional, environmental, technological or of other types.</p> <p>Outcome: The intended or achieved short-term and medium-term effects of an intervention’s outputs, usually requiring the collective effort of partners. Outcomes represent changes in development conditions which occur between the completion of outputs and the achievement of impact.</p> <p>Outputs: The products and services which result from the completion of activities within a development intervention.</p>

III. THE PERFORMANCE MONITORING AND REPORTING SYSTEM

13. The RBM approach operates at three main levels that are closely linked through shared objectives. The levels are:

- Project/Programme
- Country or Portfolio
- Organization/Fund

14. In the initial phase of implementing an RBM, the Fund should focus on project level and Fund level. Project level monitoring will be carried out by the entity implementing an actual project (the NIE or MIE). Fund level monitoring will be carried out by the secretariat under the direction of the Board. Actions at these two levels are described below.

Project level

15. Project level objectives should align with those outlined for the Fund. All projects will include a concrete and fully budgeted monitoring and evaluation (M&E) plan to be included in the final project document, submitted for approval. It is important that all plans include a description of organizational arrangements and a specific budget for monitoring, reporting, data management, lessons and learning, and evaluation. Main elements of the project level RBM system are described below.

Objectives and indicators

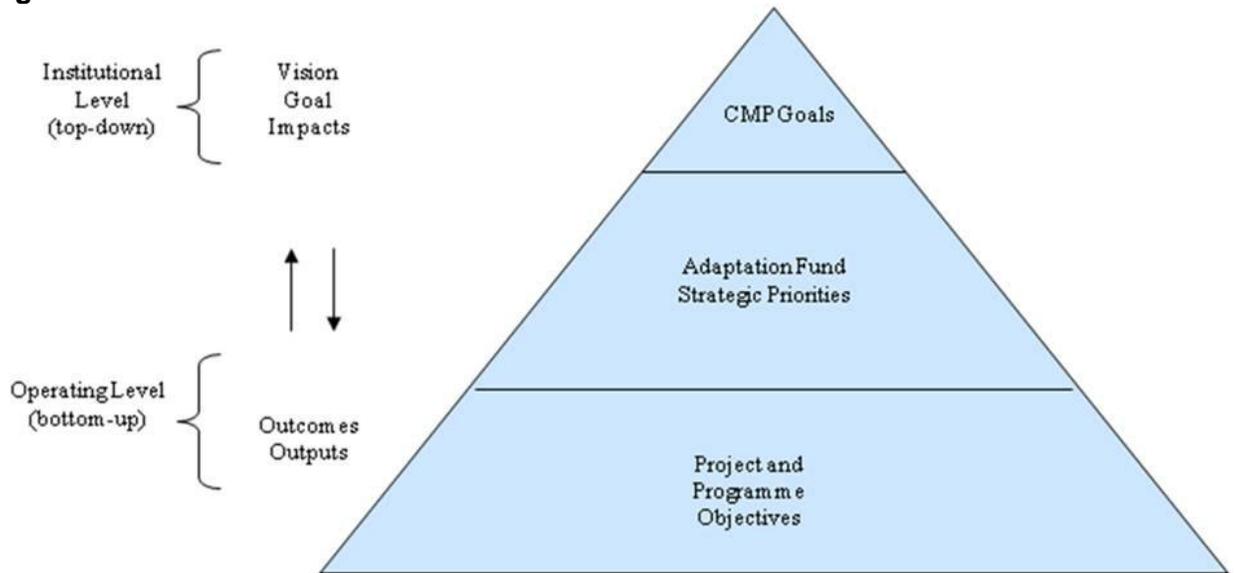
16. The Board agreed, inter alia, with their approval of the paper *Results Based Framework* in November 2009, that the results chain would provide a structured logic model that laid out aligned steps necessary to achieve the Fund's objectives (see page 3 above). Given the governing structure of the Fund and the project and programme- driven nature of the Fund operations, the RBM framework would combine a top-down with a bottom-up approach.

17. Projects would select a set of indicators that align with the indicators and objectives of the Fund. Project results frameworks would include only those core Fund-level indicators that appropriately reflect project objectives. In addition, project specific indicators would also be selected to reflect country specific objectives and reporting requirements. The Board would not aggregate these indicators, but rather track progress on achieving the project targets.

18. Each project will need to develop its own set of output and outcome indicators that link directly to the Fund level objectives laid out in Annex 1. Project level targets should also be included in the project log frame.

Baselines

19. The establishment of baselines is a critical component of the RBM framework. Every project will prepare a baseline and submit it with the project document. Baselines will draw on the information and data captured from the vulnerability assessment and used to design the project. The baseline would be a streamlined document, incorporating information from vulnerability and needs assessments, and existing secondary sources. The information would be strictly aligned with each selected indicator that the project would be responsible for tracking. It is important that the baseline is completed by the start of the project in order to be able to accurately measure any change and the contribution to that change during the life of the project. The Board may consider requesting the secretariat to develop a practical guide or manual on how projects baselines may be developed.

Figure 1: Results Framework Structure*Reporting*

20. Monitoring can track the progress toward a set of benchmarks, and measure it towards outcomes, while evaluation validates results and can make overall judgments about why and to what extent the intended and unintended results were achieved (e.g., increased resilience, decreased vulnerability, improved cost-effectiveness). Reporting captures progress and results, and is an important accountability tool.

21. One means of capturing project level results is through an annual project performance report (PPR). Each project would submit a PPR on annual basis, once the project is approved and the first funds are allocated to the project. The PPR would capture progress toward achieving objectives and implementation efficiency and effectiveness.

*Fund Level**Tracking Fund level Efficiency and Effectiveness*

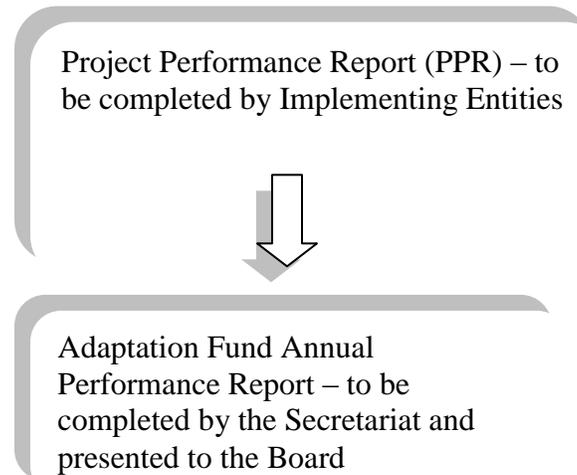
22. Fund efficiency and effectiveness monitoring, or process monitoring, will assist the Adaptation Fund Board to track Fund efficiency and effectiveness based on the indicators and targets listed in Annex 2 to the present document. Process monitoring is a useful management tool and will take place on an ongoing basis to track whether the Fund's portfolio is being implemented as intended, standards are being met, and resources are being used efficiently.

23. Indicators for Fund level processes will be tracked and reported annually. These indicators will take into consideration strategic relevance, role/contribution to the mandate of the Fund and relevance to the guidance of the CMP and Kyoto Protocol. Fund Process Monitoring will cover: (i) RBM issues, such as design of the baseline, baseline data collection and vulnerability assessment findings, and a project monitoring strategy with sufficient budget allocation; (ii) securing financing, financing mechanisms and efficiency of use; and (iii) project quality, including completion of vulnerability and risks assessments during project development.

Fund Monitoring and Reporting

24. Fund level portfolio outcome monitoring will occur on an annual basis to track progress towards reaching intended outcomes. The status of portfolio monitoring will be presented annually at the Board meetings, through an *Adaptation Fund Annual Performance Report* (AFAPR). Under the direction of the *Ethics and Finance Committee*, the secretariat will be responsible for preparing this report, which will be the principal instrument for reporting on active Fund projects. However, the secretariat will rely on the project level reports and M&E systems to generate project level results information, in order to aggregate and report on a small number of core outputs, progress towards outcomes, selected efficiency indicators and consolidated learning.

Figure 2: Components of Fund Level Reporting



25. With a standardized approach, the AFAPR will facilitate the aggregation of a few key outcomes and present Fund level results that *contribute to* the overall goal and objectives of the Fund. Guidelines will be developed to ensure the consistent monitoring of, inter alia, project implementation performance and progress, progress towards achievement of increased resilience/reduced vulnerability, and actions taken to achieve sustainability and replicability.

26. [In order to track progress toward results as well as to collect project information, the Board should consider moving forward with the development of a project database. The database should be web-based and accessible to maintain the transparency of the Adaptation Fund. The database needs to integrate fully the elements needed for proper monitoring of the funded projects. This would include the possibility for project managers to enter baseline data, milestones, targets, indicators etc. The development of the system should be fully coordinated with decisions about how performance will be measured.]

IV. INTEGRATION OF EVALUATION

Complementary Roles of Monitoring and Evaluation

27. Evaluation is defined by OECD/DAC as systematic and objective assessment of an ongoing or completed project, program, or policy, its design, implementation and results. The aim is to determine the relevance and fulfillment of objectives, development efficiency, effectiveness, impact and sustainability. An evaluation should provide information that is credible and useful,

enabling the incorporation of lessons learned into the decision-making process of both recipients and donors.

28. While monitoring is one of the key instruments of RBM, evaluation can be considered as the “reality check” on monitoring and RBM. Monitoring tells whether the organization, country/portfolio or project is on track to achieving the intended objectives. Evaluation provides information on whether the project or portfolio is on the right track. Evaluation also provides evidence on how changes are taking place, and the strengths and weaknesses of the design of the projects, program, or strategies. The following table compares monitoring and evaluation with respect to three key issues of concern to the Board.

Box 2: Monitoring vs. Evaluation

Monitoring	Evaluation
Ongoing or periodic	Episodic or Ad Hoc
Focus on progress towards intended results	Captures intended and unintended results
Does not answer casual questions	Can answer causal questions

29. Best practices on evaluation indicate that the evaluation function in international organizations should be implemented under the following principles:

Box 3: Principles for evaluation in international organizations

Independence from policy making process and management	Impartiality: giving accounts from all stakeholders	Transparency: clear communication concerning the purpose of the evaluation and its intended use
Disclosure: lessons shared with all relevant parties	Ethics: regard for the welfare, beliefs, and customs of those involved or affected, avoiding conflict of interest	Partnerships: between implementing agencies, governments, civil society and beneficiaries
Competencies and Capacities: selection of the required expertise for evaluations, adopting rigorous methodologies.	Utility: serve the information needs of the intended users	Credibility based on reliable data and observations

Immediate Evaluation Actions

30. The evaluation function should be developed gradually. However, two evaluation related tasks should be undertaken by the Board with high priority: 1) develop guidelines for terminal evaluations; and 2) prepare an evaluation framework.

Guidelines for Terminal Evaluations

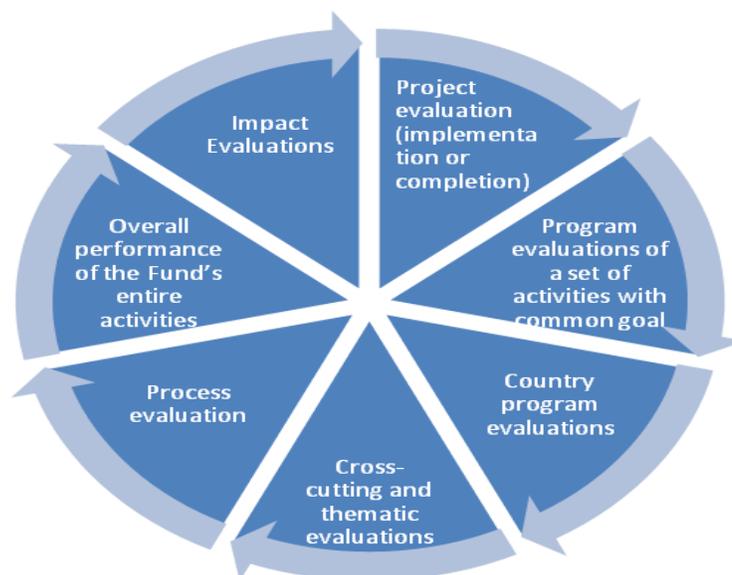
31. The operational policies and guidelines for Parties to access resources from the Fund state:

“All regular projects and programmes that complete implementation will be subject to terminal evaluation by an independent evaluator selected by the Implementing Entity. The Board reserves the right to submit small projects and programmes to terminal evaluation when deemed appropriate. Terminal evaluation reports will be submitted to the Board within a reasonable time after project termination, as stipulated in the project agreement”.

32. Since the Board is expected to begin approving projects in the next few months, there is some urgency to establish guidelines for terminal evaluations. Although these projects will not be completed for several years, it is considered best practice that terminal evaluations should be planned at the design stage. Furthermore, since there will be several implementing entities, there is a need to establish a common and standardized practice in reporting results so they can be aggregated at the Fund level. Projects should determine from the beginning how they will measure achievement of objectives and performance of the different participants, as well as how to identify lessons for future interventions.

Evaluation Framework

33. It is common practice in international organizations that evaluation policies and programs include different types of evaluations, as depicted in the diagram below. The Board will need to determine how these different types of evaluation can be combined to support the accountability, oversight and learning needs of the Fund.

Figure 3: Types of evaluation in international organizations

34. The development of an evaluation framework for the Fund should include a discussion of the overall objective and mission of the evaluation function (particularly determine the level of independence and reporting mechanisms), roles and responsibilities of the different Fund stakeholders, the types of evaluation and their frequencies, needs for capacity development within the recipients of funds and implementing entities to undertake evaluations, and needs for specific operational guidelines (terminal evaluation guidelines) and minimum requirements for projects (mid-term and terminal evaluations).

V. LEARNING AND KNOWLEDGE MANAGEMENT

35. Learning and Knowledge Management is a crucial aspect of RBM for adaptation, in particular providing the feedback on results in project design and strategy development. Current and relevant information will be essential for ensuring that the priorities of the Fund are correct and are driving project approval and resource allocation. In the early phase of the operations of the Fund, developing processes and providing tools and guidance to National Implementing Entities/Multilateral Implementing Entities (NIE/MIEs) is particularly important. It is recommended that the Secretariat document progress in establishing processes as the Fund becomes operational.

36. Emphasis would also be given to knowledge generation building on project level practice, experience and lessons. All projects will be required to produce a project specific set of lessons or learning products. Knowledge products can take many different forms, depending on the audience and their information needs. The Board should identify learning themes that are integrated in the design of all projects. For meaningful learning and knowledge sharing, knowledge products should be of high quality with a clearly identified audience and purpose, bearing in mind that products should be:

- Relevant to decision-making needs
- Timely
- Based on the evaluation information without any bias

- Developed through a participatory process and validated through a quality assurance process with relevant stakeholders
- Easily accessible to the target audience through most effective and efficient means
- Consistent in presentation of products to enhance visibility and learning

37. Dissemination and use are as important as the development of knowledge products. However, in the early stage of project development, the Fund should give more attention to knowledge generation. Later, an efficient system of dissemination will ensure that the target recipients receive the monitoring and evaluation feedback that is relevant to their specific needs.

VI. OVERVIEW OF KEY ROLES AND RESPONSIBILITIES

38. The Board, MIEs and NIEs and the secretariat all share key responsibilities in implementing RBM in support of the Fund's planning, monitoring and evaluation work.

39. **The Adaptation Fund Board** plays a central role in fostering an RBM culture. It leads the planning process and ensures that monitoring and evaluation takes place, specifying the level of rigor to be adhered to and the standards to be enforced. In addition to ensuring that all necessary M&E systems are in place, the Board provides Fund level guidance, as well as quality support and assurance on issues related to planning and Fund monitoring. The Board will also authorize independent evaluations and approve standards, guidance on procedures, and quality assurance for project and programme evaluations.

40. **MIEs/NIEs** are directly responsible for project level monitoring, reporting and evaluation. Monitoring will be carried out on an ongoing basis and results will be reported to the Board through the PPR on an annual basis. A terminal evaluation will be completed for all projects, and projects over 3 years in duration would be required to have a mid-term evaluation as well.

41. **The Adaptation Fund Board secretariat** will be responsible for the Fund level monitoring and will submit a consolidated annual performance report to the Board - *Adaptation Fund Annual Performance Report*. The secretariat will coordinate the annual performance reporting exercise, ensuring that a consistent and relevant approach is applied and that quality standards are met. It will also develop and maintain the RBM Fund level database.

VII. BUDGET IMPLICATIONS

Adaptation Fund RBM Budget Proposal

42. In addition to secretariat staff time for ongoing RBM functions, additional resources are required to support the implementation of RBM for the Adaptation Fund. This proposal requests a budget for the secretariat to develop a practical guide or manual on how projects baselines may be developed as well as developing project performance report standards. It also includes funding for developing an evaluation framework and terminal evaluation guidelines.

43. The budget is presented in Table 1 in Annex 3 to the present document.

Annex 1
Strategic Results Framework
Adaptation Fund

The following strategic results framework is an overarching framework whose intent is to establish more specific indicators at the national level. Each project/programme will embed relevant indicators from the strategic framework into their own results framework or logframes. Not all indicators will be applicable to all projects or programmes but a select set should be integrated.

Goal: Assist developing country *Parties to the Kyoto Protocol* that are particularly vulnerable to the adverse effects of climate change in meeting the costs of concrete adaptation projects and programmes, in order to implement climate resilient measures.

Impact: Increased resiliency at the community, national, and regional levels to climate variability and change

Objective: Reduce vulnerability and increase adaptive capacity to respond to the impacts of climate change, including variability at local and national levels.

(Vulnerability is a function of a country's or community's exposure to climate related hazards, and the capacity to mitigate and cope with the impact of the hazards.)²

Objective: Reduce vulnerability and increase adaptive capacity to respond to the impacts of climate change, including variability at local and national levels.	
Expected Outcomes and Indicators	Core Outputs (and Indicators)
<p>Outcome 1: Reduced exposure at national level to climate related hazards and threats</p> <p>Indicator 1.1 Relevant threat and hazard information generated and disseminated to stakeholders on a timely basis.</p>	<p>Output 1: Risk and vulnerability assessments conducted and updated at national level</p> <p>Indicator 1.1 No. of projects that conduct and update risk and vulnerability assessments (by project types)</p> <p>Indicator 1.2 Early warning systems developed</p>

² For the purposes of this paper, a hazard is the probability of a climate related incident to occur within a given area and timeframe. Risk is defined as the probability of that climate change, including variability, negatively impacting a country, community or household, as the result of the interaction between a hazard and conditions of vulnerability.

Objective: Reduce vulnerability and increase adaptive capacity to respond to the impacts of climate change, including variability at local and national levels.	
Expected Outcomes and Indicators	Core Outputs (and Indicators)
<p>Outcome 2: Strengthened institutional capacity to reduce risks associated with climate-induced economic losses</p> <p>Indicator 2.1 No. of targeted institutions with increased capacity to minimize exposure to climate variability risks</p> <p>Indicator 2.2 Reduced number of people suffering losses from extreme weather events</p>	<p>Output 2.1 Strengthened capacity of national and regional centers and networks to rapidly respond to extreme weather events</p> <p>Indicator 2.1.1 No. of staff trained to respond to and mitigate impacts of climate related events</p> <p>Output 2.2 Targeted population groups covered by adequate risk reduction systems</p> <p>Indicator 2.2 Percentage of population covered by adequate risk reduction systems</p> <p>Indicator 2.3 No. of people affected by climate variability</p>
<p>Outcome 3: Strengthened awareness and ownership of adaptation and climate risk reduction processes at local level</p> <p>Indicator 3.1 Percentage of targeted population aware of predicted adverse impacts of climate change, and of appropriate responses</p>	<p>Output 3: Targeted population groups participating in adaptation and risk reduction awareness activities</p> <p>Indicator 3.1: No. and type of risk reduction actions or strategies introduced at local level</p>
<p>Outcome 4: Increased adaptive capacity within relevant development and natural resource sectors</p> <p>Indicator 4.1 Development sectors' services (health and social services) responsive to evolving needs from changing and variable climate</p> <p>Indicator 4.2 Physical infrastructure improved under climate change and variability-induced stress</p> <p>Outcome 5: Increased ecosystem resilience in response to climate change and variability-induced stress</p> <p>Indicator 5.1 Ecosystem services and natural assets maintained or improved under climate change and variability-induced stress</p>	<p>Output 4 and 5 Vulnerable physical, natural and social assets strengthened in response to climate change impacts, including variability</p> <p>Indicator 4.1 No. and type of health or social infrastructure developed or modified to respond to new conditions resulting from climate variability and change (by type)</p> <p>Indicator 4.2 No. of physical assets strengthened or constructed to withstand conditions resulting from climate variability and change (by asset types)</p> <p>Indicator 5.1 No. and type of natural resource assets created, maintained or improved to withstand conditions resulting from climate variability and change (by type of assets)</p>

Objective: Reduce vulnerability and increase adaptive capacity to respond to the impacts of climate change, including variability at local and national levels.	
Expected Outcomes and Indicators	Core Outputs (and Indicators)
<p>Outcome 6: Diversified and strengthened livelihoods and sources of income for vulnerable people in targeted areas</p> <p>Indicator 6.1 Percentage of households and communities having more secure (increased) access to livelihood assets</p> <p>Indicator 6.2 Percentage of targeted population with sustained climate-resilient livelihoods</p>	<p>Output 6. Targeted individual and community livelihood strategies strengthened in relation to climate change impacts, including variability</p> <p>Indicator 6.1 No. and type of adaptation assets (physical as well as in terms of knowledge) created in support of individual or community livelihood strategies</p> <p>Indicator 6.2 No. of households with more secure access to livelihood assets</p>
<p>Outcome 7: Improved policies and regulations that promote and enforce resilience measures</p> <p>Indicator 7: Climate change priorities are integrated into National development strategy</p>	<p>Output 7: Improved integration of climate resilience strategies into country development plans</p> <p>Indicator 7: Number of policies introduced to address climate change risks or adjusted to incorporate climate change risks</p>

Note:

- i) Indicators should be disaggregated by targeted communities (such as gender, wealth ranking, elderly, children, etc) where applicable

Annex 2
Adaptation Fund Level Effectiveness and Efficiency Results Framework

1. Secure Financing and Financing Mechanisms	1.1 – Increased and diversified resources	
	1.1.1 – Total value of CERs (US\$)	
	1.1.2 – Conversion ratio of CERs (market conversion rate of credits to \$)	
	1.1.3 – Number of bilateral donors	
	1.1.4 – Actual bilateral contributions	
	1.2 – Efficient cost structure	Target
	1.2.1 – Board, Secretariat, and Trustee costs against total Adaptation Fund resources - %	FY 2011 (will be used to set targets)
	1.2.2 – Implementing Entities fees against total Fund resources allocated	
	1.2.3 – Executing Entity Cost against total project cost (minus fees)	
	1.2.4 – Total Transaction cost as percentage of total expenditures (aggregation of 1.2.1, 1.2.2, 1.2.3)	
	1.2.5 – Total disbursements vs. committed	
2. Improve Efficiencies in Project Cycle	2 – Project Cycle Efficiency	Target
	2.1 – Average response time to process complete proposals for project approval	
	2.2 – Average response time for secretariat to screen projects/programmes	15 days

3. Quality of Entry	3 – Quality at Entry	Target
	3.1 – Percent of projects/programmes with complete M&E framework	
	3.2 – Percent of projects/programmes with M&E frameworks that align to national M&E frameworks	
	3.3 – Percent of projects/programmes with baselines completed at project/programmes start up	
	3.4 - Percent of project/programmes approved by the Board that were recommended by the PPRC	
	3.5 – Percent of projects/programmes that include climate change risk and vulnerability assessments	
4. Results Driven Implementation	4.1 – Fund Performance Rating	Target
	4.1.1 – Percentage of projects/programmes that have received [good/satisfactory] performance ratings ³	
	4.1.2- Number of project/programme concepts that are endorsed	
	4.1.3 – Number of project/programme concepts that are rejected	
	4.1.4 – Number of fully developed proposals that have received funding	
	4.1.5- Number of fully developed proposals that were rejected	
	4.1.6 -- Number of fully developed proposals that were endorsed but need to be developed further	
	4.1.7 – Percent of projects/programmes that have received good/satisfactory performance ratings at mid-term review	
	4.1.8—Percent of projects/programmes that have received good/satisfactory ratings at mid-term review	
	4.1.9- Number of projects suspended/canceled projects/programmes	
	4.2 – Learning is part of project implementation	Target
	4.2.1 – Percent of projects/programmes with knowledge	

³ Ratings will be proposed as part of the draft project progress report template and guidelines.

Annex 2

	management component	
	4.3 – Efficient Reporting	Target
	4.3.1– Percent of project monitoring reports (PPR) submitted in complete form and meeting deadline	

Annex 3

Table 1: Annual Budget – (Indicative) July 2010 – 2011

FY 2011 Indicative Budget			
Budget Item			USD
Project Database Development	(already included in budget)		
Develop Baseline Guidance/Standards			25,000
Develop PPR Reporting Template			10,000
Develop Guidelines for Terminal Evaluation			20,000
Prepare Evaluation Framework			25,000
		Total	80,000

** The Adaptation Board would decide on the most cost effective way to procure the services needed: private consultants, universities, specialized institutes. The GEF Evaluation Office is available to provide support to the Board if requested.

Annex 4 RBM Terminology⁴

Impact - sometimes referred to as vision, goal, objective, longer term outcome, long- term result, ultimate outcome

Questions such as: What are we trying to achieve? Why are we working on this problem? What is our overall goal?

Outcome - first, positive result or immediate result, prerequisites, short and medium- term results

Questions such as: Where do we want to be in five years? What are the most immediate things we are trying to change? What are the things that must be in place first before we can achieve our goals and have an impact?

Output - interventions, programmes

Questions such as: What are the things that need to be produced or provided through projects or programmes for us to achieve our short- to medium-term results? What are the things that different stakeholders must provide?

Activities - actions

Questions such as: What needs to be done to produce these outputs?

Indicator - measure, performance measurement, performance standard

Questions such as: How will we know if we are on track to achieve what we have planned?

Means of verification - data sources, evidence

Questions such as: What precise information do we need to measure performance?

How will we obtain this information? How much will it cost?

Can the information be monitored?

S Specific: Impacts and outcomes and outputs must use change language— they must describe a specific future condition

M Measurable: Results, whether quantitative or qualitative, must have measurable indicators, making it possible to assess whether they were achieved or not

A Achievable: Results must be within the capacity of the partners to achieve

R Relevant: Results must make a contribution to selected country priorities

T Time- bound: Results are never open- ended

Outcomes

An outcome statement should ideally use a verb expressed in the past tense, such as 'improved', 'strengthened' or 'increased', in relation to a global, regional, national or local process or institution. An outcome should specify the result of Adaptation Fund efforts and that of other stakeholders for the people of that country.

Outcomes cannot normally be achieved by only one agency or funding source, and are not under the direct control of a project manager. Since outcomes occupy the middle ground between outputs and impact, it is possible to define outcomes with differing levels of ambition.

- An outcome statement should avoid phrases such as to assist/support/develop/monitor/identify/follow up/prepare

⁴ Modified from UNDP Handbook RBM Handbook.

- Similarly, an outcome should not describe how it will be achieved and should avoid phrases such as “improved through” or “supported by means of.”
- An outcome should be measurable using indicators. It is important that the formulation of the outcome statement takes into account the need to measure progress in relation to the outcome and to verify when it has been achieved. The outcome should therefore be specific, measurable, achievable, relevant and time bound (SMART).
- Indicators should be selected based on 6 criteria: validity, reliability, sensitivity, simplicity, utility, affordability.
- An outcome statement should ideally communicate a change in institutional or individual behavior or quality of life for people—however modest that change may be.

Outputs

Outputs reflect an appropriate strategy for attaining the outcome, thus there should be a proper cause and effect relationship between output and outcome. Again outputs should be SMART—specific, measurable, achievable, relevant and time-bound. It is important to consider:

- Outputs must be deliverable within the respective programming cycle.
- Typically, more than one output is needed to obtain an outcome.
- If the result is mostly beyond the control or influence of the programme or project, it cannot be an output.
- Outputs generally include a **noun** that is qualified by a *verb* describing positive change. For example:
Study of environment-poverty linkages *completed*
National, participatory forum *convened* to discuss draft national adaptation policy

For further information, the following websites provide general overviews of RBM:

http://www.tbs-sct.gc.ca/rma/rbm-gar_e.asp

<http://www.adb.org/projects/rbm/about.asp>

<http://www.undg.org/?P=224>

Annex 4 Sample Evaluation Questions

3. These issues have been discussed recently in the evaluation and climate change adaptation communities⁵ and include:
 - How would we know that a project supported by the Fund has been successful in reducing vulnerability or increasing adaptation capacity?
4.
 - What adaptation measures are supported for different sectors and at different scales?
5.
 - What are the existing methods and tools to evaluate adaptation measures closely linked to development investments (reduction of vulnerability to climate change for the infrastructure sector)?
6.
 - For those adaptation measures closely linked to development investments (reduction of vulnerability to climate change for the infrastructure sector), what existing methods and tools to evaluate those sectors should be considered? For example, indicators already included in the development projects should be adapted without creating new ones (improvements in capacity is regularly monitored and evaluated).
7.
 - When should the project be evaluated? Most likely evaluations will take place when the funding is finished, which is probably much too early since this will occur probably before the date of the targeted climate change scenarios and the expected impacts.
8.
 - How do we determine the achievement of objectives? There is still much uncertainty in climate scenarios, particularly at the local levels where most projects intervene, so there is additional complexity for determining achievement of objectives.

Given the complexity and many actors participating in projects dealing with adaptation to climate change, evaluations should concentrate on determining contribution of the Fund intervention rather than full attribution.

⁵ Evaluating Climate Change and Development, 2009. World Bank Series on Development, Volume 8 (Rob D. van den Berg and Osvaldo Feinstein, editors)

Code of Conduct for the Adaptation Fund Board

Each member and alternate of the Adaptation Fund Board shall:

1. Discharge his/her duties with honesty, integrity and full regard for his/her responsibilities as a Board member or alternate member.
2. Observe the principles of independence, accuracy and integrity in dealing with other Board members and alternates, the secretariat, the trustee and other stakeholders.
3. With regard to the rules on conflict of interest outlined in section VII of the rules of procedure of the Adaptation Fund Board, each member or alternate shall disclose:
 - a) Activities, including business, government or financial interests which might influence his/her ability to discharge his/her duties and responsibilities objectively;
 - b) Any financial, contractual or personal relationship or link with an Implementing Entity seeking or receiving funding from the Fund, or with an Executing Entity involved in a project/programme proposal submitted to or in execution under the Adaptation Fund;
 - c) Activities or interests of his/her spouse or personal partner or dependant that would influence his/her work with respect to the subject matter being considered by the Board or its advisory bodies;
 - d) Any actual or perceived conflicts of interest of a direct or indirect nature of which s/he is aware and which s/he believes could compromise in any way the reputation or performance of the Board or its advisory bodies.
4. Disclose such activities or relationships before starting consideration of a subject matter for which s/he has an actual or perceived conflict of interest.
5. Be absent during the deliberations and adoption of the recommendations or decisions related to proposals for funding and any other matter for which s/he has an actual or perceived conflict of interest.
6. Exercise personal discretion in deciding whether s/he has an actual or perceived conflict of interest with respect to any matter under consideration by the Board or its advisory bodies. S/he may also seek the advice of the Chair. Cases of conflicts of interest or likely conflicts of interest related to the Committee's Chair may be raised with the Chair of the Board.
7. Remain committed to observing, developing and implementing the principles embodied in this Code in a conscientious, consistent and rigorous manner.

Work plan FY11: work schedule**Eleventh meeting: September 2010**

- Consideration of a report by the secretariat on the implementation of the work programme to promote the accreditation of NIEs;
- Consideration of a draft practical guide/manual on how project baselines may be developed (EFC);
- Consideration of note by the secretariat on funding for project preparation;
- Consideration of note by the secretariat on fees for implementing agencies;
- Consideration and approval of the communications strategy;
- Consideration of the draft report of the Board to the CMP 6.

Twelfth meeting: December 2010

- Consideration of a report by the secretariat on the implementation of the work programme to promote the accreditation of NIEs;
- Consideration of a proposal of a monitoring and evaluation framework (EFC);
- Consideration of a finalized practical guide or manual on how project baselines may be developed (EFC);
- Consideration of guidance for project performance reports which will include suggestions on how to move forward with ratings (EFC);
- Review of the operational policies and guidelines, and templates: identification of the amendments needed;
- Consideration of a report on the implementation of the project/programme database.

Thirteenth meeting: March 2011

- Assessment of the accreditation process;
- Consideration of guidelines for terminal evaluations (EFC);
- Consideration and approval of the revised operational policies and guidelines;
- Consideration of a report by the secretariat on the implementation of the work programme to promote the accreditation of NIEs;
- Consideration of a report on the implementation of the communications strategy.

Fourteenth meeting: June 2011

- Consideration of a report by the secretariat on the implementation of the work programme to promote the accreditation of NIEs;
- Consideration of performance reports by the PPRC and EFC;
- Proposal of budget FY12;
- Consideration of the report on the implementation of the strategic results framework (EFC);
- Proposal of work plan FY12

APPROVED FY 10 and FY11 BUDGET OF THE BOARD & SECRETARIAT FOR THE ADAPTATION FUND

All amounts in US\$		Approved FY10	Estimated FY10	Proposed FY11
PERSONNEL COMPONENT				
<u>Full-time staff:</u>				
01	Senior Program Manager (GG)	0	0	80,000
02	Program Officer (GF)	306,961	306,961	0
03	Program Officer (GF)	0	0	150,045
04	Program Assistant (GC)	151,348	151,348	0
05	Short-term Temporary (STT)	0	0	24,807
06	Junior Professional Associate (JPA)	0	0	66,795
<u>sub-total AFB staff</u>		458,309	458,309	321,647
<u>GEF staff cross-support:</u>				
01	Head of the Secretariat (GJ)			
02	Operations Advisor (GH)			
03	Communications Advisor (GH)			
04	Monitoring Officer (GF)			
05	Information Officer (GF)			
06	Finance & Admin Officer (GF)			
07	Human Resources Assistant (GD)			
08	Executive Assistant (GD)			
<u>sub-total GEF staff</u>		241,240	241,240	248,477
<u>Consultants</u>				
01	AFB Secretariat Support	23,750	0	24,463
02	Design and Operation of dedicated Web site	50,000	20,000	50,000
03	Adaptation Fund Logo competition	600	375	0
04	Communications Strategy	86,500	86,500	50,000
05	M&E Guideline Development	0	0	80,000
06	Fiduciary Standards Experts (fees & conting.)	249,600	74,600	198,175
<u>sub-total Consultants</u>		410,450	181,475	402,638
SUB-TOTAL PERSONNEL COMPONENT		1,109,999	881,024	972,761
TRAVEL COMPONENT				
01	AF Secretariat staff	157,500	157,500	157,500
02	Awareness Raising	0	0	43,400
03	Board - 24 eligible members	720,000	576,000	576,000
04	Committee meetings	135,000	0	135,000
05	Logo Competition Prize winner travel	9,000	4,050	0
06	2 Experts to attend 3 committee meetings	45,000	0	45,000
07	Fiduciary Standards Experts/Staff (travel)	120,000	30,000	123,000
SUB-TOTAL TRAVEL COMPONENT		1,186,500	767,550	1,079,900
GENERAL OPERATIONS COMPONENT				
01	Office Space, Equipment and Supplies	69,784	69,784	93,511
02	Support to Chair (communications)	0	0	23,175
03	Publications and Outreach	0	0	50,000
SUB-TOTAL GENERAL OPERATIONS COMPONENT		69,784	69,784	166,686
MEETINGS COMPONENT				
01	Logistics, translation, interpretation, etc.	340,000	500,000	500,000
AUDIT COMPONENT				
01	Trust Fund audit fees	25,000	0	0
GRAND TOTAL ALL COMPONENTS		2,731,283	2,218,358	2,719,347

APPROVED FY 10 and FY11 BUDGET OF THE BOARD, SECRETARIAT AND TRUSTEE FOR THE ADAPTATION FUND

All amounts in US\$		Approved FY10	Revised FY10	Proposed FY11
BOARD AND SECRETARIAT				
01	Personnel	1,109,999	881,024	972,761
02	Travel	1,186,500	767,550	1,079,900
03	General operations	69,784	69,784	166,686
04	Meetings	340,000	500,000	500,000
05	Audit	25,000	0	0
Sub-total Board and secretariat		2,731,283	2,218,358	2,719,347
TRUSTEE				
01	CER monetization	675,000	610,000	520,000 c/
02	Financial and program management	330,000	253,000	182,000 c/
03	Investment management	17,500	20,000 a/	35,000 c/, d/
04	Accounting and reporting	55,000	55,000	41,000 c/
05	Legal services	190,000	32,100	45,000 c/
06	External audit	90,000	0 b/	90,000 c/
07	Travel	105,000	105,000	- c/, e/
Sub-total Trustee		1,462,500	1,075,100	913,000 c/
GRAND TOTAL BOARD, SECRETARIAT AND TRUSTEE		4,193,783	3,293,458	3,632,347

a/ Investment management fees are calculated based on a cost of 3.5 basis points against the average annual balance of the portfolio; the original projected average portfolio size was \$50 million and the revised FY10 average portfolio size is \$56 million.

b/ External audit costs for the FY10 financial statements will be included in the FY11 budget.

c/ The proposed Trustee budget does not cover the full fiscal year, as the mandate of the Trustee is scheduled to expire three months after CMP.6 (i.e. at the end of March 2011) unless otherwise agreed between the CMP and the World Bank.

d/ Investment management fees are calculated based on a cost of 3.5 basis points against the average annual balance of the portfolio; the projected average portfolio size is \$132 million for FY11.

e/ Travel costs for 3 representatives to attend each Board meeting are included in the amounts on lines 1,2,5 above