



ADAPTATION FUND

AFB/B.11/9
November 5, 2010

ADAPTATION FUND BOARD

Eleventh Meeting

Bonn, September 16 to 17, 2010

REPORT OF THE ELEVENTH MEETING OF THE ADAPTATION FUND BOARD

INTRODUCTION

1. The eleventh meeting of the Board of the Adaptation Fund of the Kyoto Protocol was held at the 'Langer Eugen' UN Campus in Bonn from September 16 to 17, 2010, back-to-back with the second meetings of the Project and Programme Review Committee (PPRC) and the Ethics and Finance Committee (EFC) of the Adaptation Fund Board. The meeting was convened pursuant to Decision 1/CMP.3 adopted at the third Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP).

2. The full list of the members and alternate members, nominated by their respective groups and elected pursuant to Decisions 1/CMP.3, and 1/CMP.4, and participating at the meeting, is attached as Annex I to the present report. A list of all accredited observers present at the meeting can be found on the Adaptation Fund website at <http://www.adaptation-fund.org/11thAFB>.

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 11:20 a.m. on Thursday, 16 September 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 eleventh meeting of the Board. He also informed the Board that Ms. Sally Biney, the proposed

replacement for Mr. William Kojo Agyemang-Bonsu (Ghana, non-Annex I Parties), was present at the meeting as an observer.

Agenda Item 2: Organizational matters

(a) Adoption of the agenda

5. The Board considered the provisional agenda contained in document AFB/B.11/1/Rev.1, the provisional annotated agenda contained in document AFB/B.11/2, and the provisional timetable attached to that document. It was agreed to consider the following issues under agenda item 14, "Other matters": Timing of the adoption of the report of the meeting; a Presentation on mainstreaming gender into adaptation financing; Privileges and immunities of Board members; a Presentation on disaster reduction; Disbursement schedule of approved project and programme funds; and Follow-up on the offer of the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP) and the World Bank to facilitate the accreditation of national implementing entities (NIEs).

6. The Board adopted the Agenda, as orally amended, contained in Annex II to the present report, and the provisional timetable, as proposed by the Chair.

(b) Organization of work

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

(c) Declarations of conflict of interest

8. The following members and alternates declared conflicts of interest:

- (a) Mr. Cheikh Ndiaye Sylla (Senegal, Africa), declared that he would have a conflict of interest during the discussion on the Senegalese programme proposal under agenda item 6;
- (b) Mr. Elsayed Sabry Mansour (Egypt, Africa), declared that he would have a conflict of interest during the discussion of the Egyptian project proposal under agenda item 6;
- (c) Mr. Damdin Davgadorj (Mongolia, Asia), declared that he would have a conflict of interest during the discussion of the Mongolian project proposal under agenda item 6;
- (d) Mr. Jeffery Spooner (Jamaica, Latin America and the Caribbean) declared that he would have a conflict of interest during the discussion of the accreditation of the Planning Institute of Jamaica as a National Implementing Entity (NIE) under agenda item 5; and

- (e) Mr. Luis Santos (Uruguay, Latin America and Caribbean) declared that he would have a conflict of interest during the discussion of the accreditation of the Agencia Nacional de Investigación e Innovación as an NIE under agenda item 5.

Agenda Item 3: Report on intersessional activities of the Chair

9. The Chair, reported on his activities during the intersessional period. He said that he had received a significant number of invitations to present the work of the Board and that there had been much interest in its activities. However, it had been difficult to attend all those meetings and he had asked the Board members for assistance in attending some of the meetings in his place. Ms. Ana Fornells de Frutos, (Spain, Annex I Parties) had agreed to do so and she would be attending the conference on deltas in times of climate change, to be held in Rotterdam, the Netherlands, from 29 September to 1 October, 2010. The Chair also provided an update on the process of granting legal capacity to the Board. As he had reported at the tenth meeting, the draft law granting legal capacity was expected to have its final readings in the German Parliament by the beginning of November 2010, with legal status expected to be conferred on the Board by December 2010. The Chair hoped that the legal capacity be conferred before the sixth session of the CMP.

10. During the intersessional period the Chair had also communicated with UNDP, UNEP and the World Bank on their expressions of interest to help support NIEs, which would be taken up under agenda item 14, "Other matters". He said that it had not been possible to meet with representatives of those organizations but he hoped to be able to do so in New York during the intersessional period. He also informed the Board that letters had been sent to thank the Government of Spain for its contribution of EUR 45 million and the Government of Monaco for its contribution of EUR 10,000. The Chair had also been in communication with the Government of Mexico to establish the meeting place of the Board for its twelfth meeting. He had also been in touch with Ms. Monique Barbut, head of the Board secretariat, to discuss some administrative issues, as well as the possibility of extending the term of the Manager of the Adaptation Fund Board secretariat, and about the selection of other staff. He said that Ms. Barbut would send a letter to Board explaining the staffing process.

11. The Chair was asked for assurance that the members of the Board would be granted the same privileges and immunities during the twelfth meeting that they had when attending the meeting of the CMP and requested that the issue be discussed under agenda item 14, "Other matters".

12. The Board took note of the oral report by the Chair.

Agenda Item 4: Report on the activities of the secretariat

13. 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.11/3. The secretariat had supported the Chair in finalizing the report of the tenth

meeting of the Board and posting it on the website of the Adaptation Fund as document AFB/B.10/7/Rev.1. The secretariat had also worked closely with the Chair and the trustee in preparing the documents for the eleventh Board meeting and for the second meetings of the PPRC and the EFC.

14. Following the resignation of Mr. William Kojo Agyemang-Bonsu (Ghana, non-Annex I Parties), the secretariat had liaised with the Chair of the Group of 77 and China and assisted the Permanent Mission of Ghana to the United Nations on the procedure for securing the nomination, by the non-Annex I constituency, of Mrs. Sally Biney, Principal Programme Officer of the Environment Protection Agency of Ghana, as his replacement. That process was still under way.

15. The secretariat had also assisted the Chair and Vice-Chair in their contacts with the German Government on progress made in the approval process for the draft law to confer legal capacity on the Adaptation Fund Board. The secretariat had issued letters to Designated Authorities and implementing entities' coordinators informing them of the Board decisions concerning the accreditation of implementing entities and the submission of project and programme proposals. Further, it had prepared information on GEF secretariat cross-support, and had facilitated a second meeting between representatives of UNDP and the Accreditation Panel members on the margins of the Panel's last meeting in order to discuss the gaps and needs identified during the accreditation process.

16. Pursuant to Board decision AFB/B.10/19, the Manager of the secretariat had attended a side-event on adaptation organized by UNDP on the margins of the thirteenth session of the African Ministerial Conference on the Environment, held in Bamako, Mali, on June 24, 2010, and had made a presentation to raise awareness of the Adaptation Fund and the accreditation process. The secretariat had also made requests to the UNFCCC secretariat for future side-events in Tianjin, China and Cancun, Mexico.

17. The secretariat had continued screening applications for accreditation from Parties and international organizations. It had received new requests for accreditation from six non-Annex I Parties, one multilateral organization and one regional organization. The secretariat had urged applicants whose applications had not been completed and thus had not yet been forwarded to the Panel to complete the information and supporting documentation.

18. As mandated by the Board, the secretariat had initiated the process of recruiting two new staff members, and a new short-term temporary staff member had been appointed. The secretariat, supported by seven members of the GEF secretariat technical staff, had also screened and prepared technical reviews of 10 project and programme proposals submitted during the reporting period, two of which had been subsequently withdrawn by the proponents. The secretariat had shared the initial technical review findings with the implementing entities and solicited their responses. Given that the project review process took about six to seven weeks to complete, and that some documents were therefore made available only a short time before the PPRC

meeting, it was suggested that the whole review cycle could be extended to start ten weeks before the meetings of the PPRC.

19. The secretariat was working directly with the responsible staff at the University of the Caribbean on the logistical arrangements for the twelfth Board meeting, to be held in Cancun on December 13 to 15, 2010, and negotiations were under way concerning the legal arrangements to provide the necessary privileges and immunities to those who would attend that meeting.

20. Following a brief 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

21. The Vice-Chair of the Accreditation Panel, Mr. Santiago Reyna (Argentina, Latin America and Caribbean), introduced document AFB/B.11/4 which contained the report of the third meeting of the Accreditation Panel. He reminded the Board that Mr. William Kojo Agyemang-Bonsu (Ghana, non-Annex I Parties), Chair of the Panel, had resigned from the Board at its tenth meeting and that he had been elected to replace him. He explained that in order to ensure a smooth transition he had agreed with Mr. Jerzy Janota Bzowski (Poland, Eastern Europe) that Mr. Bzowski would act as Chair of the Panel for a year after which Mr. Reyna would take over for the remainder of Mr. Agyemang-Bonsu's mandate as Chair of the Panel.

22. 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 Panel had concluded the review of applications from the Planning Institute of Jamaica (PIOJ), the Agencia Nacional de Investigación e Innovación (ANII) of Uruguay, both of which were for accreditation as NIEs, as well as the additional reporting conditions that had been set for UNEP at the tenth meeting of the Board. The Panel was currently reviewing two further accreditation applications, one for a potential NIE and the other for a potential MIE.

23. The Panel had concluded that both PIOJ and ANII could be recommended for accreditation. It had also decided to recommend that the additional reporting requirement imposed on projects implemented by UNEP could be lifted as UNEP had submitted new documentation to demonstrate that the Panel's underlying concerns had been resolved.

24. The Panel had also discussed the possibility of the resubmission of an application recommended for non-accreditation. Such a possibility was already provided for in the current Operational Policies and Guidelines for applicant NIEs, but not for MIEs. The Panel had therefore recommended to the Board that, upon revision of its Operational Policies and Guidelines, it should add the following sentence to paragraph 34 thereof: "This rule shall also apply to an applicant MIE that does not meet the criteria for accreditation."

25. Pursuant to decision AFB/B.10/3, the Panel and the secretariat had prepared a paper, annexed to document AFB/B.11/4, on how to best support the accreditation of NIEs. The paper outlined the background of the accreditation process and elaborated on the reasons behind the deficiencies in the applications. It recommended, among other actions, that an online tool-kit and a guide or manual should be prepared in order to guide applicants and clarify the fiduciary standards involved. The terms of reference and budget estimates for the development of such material were also included in the annex to the report.

Planning Institute of Jamaica (PIOJ)

Agencia Nacional de Investigación e Innovación (ANII)

United Nations Environment Programme (UNEP)

26. The Vice-Chair of the Panel was asked why the recommendations differed between the two proposed NIEs and he explained that the wording of the two recommendations should be the same.

27. Mr. Hans Olav Ibrekk (Norway, Western Europe and Others) said that he had serious concerns about the way the tenth meeting of the Board had ended and he wished his observations reflected in the report of the present meeting. He said that he had left the tenth meeting shortly before its closure, at which time the Board had already taken its decisions on the accreditation of new MIEs. He discovered that one of those decisions had been taken up again and had been changed just prior to the closure of the meeting. It was his view that the Board had established an Accreditation Panel and that there was a need to respect its work and its recommendations.

28. Mr. Ibrekk also expressed his concern that a member of the Board had participated at the tenth meeting by telephone and he asked whether that was not contrary to the practice of the Board. It had also come to his attention that there had been lobbying of the members by an international organization during the course of the tenth meeting of the Board and he asked whether such activities were in line with the Board's Code of Conduct. In closing he urged the Board to be more transparent in its activities and expressed the hope that it would show its confidence in the work of the Chair and Vice-Chair of the Accreditation Panel in the future.

29. The Chair observed that an important point had been raised by Mr. Ibrekk, and he reported that he had received a letter from the Chair of the Accreditation Panel that dealt with the same issue during the intersessional period. He said that the Board had to collectively support the institutions that it had created. However, he reminded the Board that the issue that had sparked the controversy had been resolved during the intersessional period by the provision of additional information by the organization in question. That said, it was not a good practice for the Board to reopen issues that had already been settled even if it were within its powers to do so, and he agreed that the report should record the intervention of Mr. Ibrekk as well as the fact that the Chair of

the Accreditation Panel had addressed a letter to the Chair of the Board on the same subject.

30. Several members agreed that while the Board could reconsider its decisions it should exercise discretion when doing so, and one member observed that it was unfortunate that the documents which had resolved the issue had not been originally submitted to the Accreditation Panel in the first place. It was also suggested that the issues raised and the Code of Conduct should be considered by the EFC and the Chair of the EFC said that the Committee could consider the issues if they were placed on its agenda. Others thought that the issue did not need such extensive treatment. The Panel existed to support the Board and its recommendations should not be imposed on the Board. It was also observed that the Board should be free to review any of its decision as long as the meeting remained open and any members who could not physically be present could be allowed to submit their observations by telephone.

31. Following the discussion with respect to the accreditation of Implementing Entities, based on the recommendations of the Accreditation Panel , the Board decided to:

- (a) Accredite the Planning Institute of Jamaica (PIOJ) as the National Implementing Entity for Jamaica;
- (b) Accredite the Agencia Nacional de Investigación e Innovación of Uruguay as the National Implementing Entity for Uruguay; and
- (c) Repeal the more frequent reporting requirements for the United Nations Environment Programme that had been imposed on it at the tenth meeting of the Adaptation Fund Board.

(Decision B.11/1)

Panel consideration of work procedure

32. The PPRC in its first meeting identified the need to revisit the Operational Policies and Guidelines as far as the project review process is concerned. The Board also requested information on the need for amendments in the Operational Policies and Guidelines from the point of view of the accreditation process.

33. The Vice-Chair of the Panel reminded the Board that paragraph 34 of the Operational Policies and Guidelines, dealing with cases of non-accreditation, only applied to NIEs and that it seemed desirable to extend that paragraph to cover MIEs as well. The Chair suggested that the Board should also consider the issue of amending paragraph 34 at the same time that it would consider the need to make other amendments to the Operational Policies and Guidelines as proposed by the PPRC.

34. Following the discussion the Board decided to:

- (a) Consider an amendment to paragraph 34 of the Board's Operational Policies and Guidelines by adding the following sentence at the end of that paragraph: "An applicant Multilateral Implementing Entity that does not meet the criteria for accreditation may also resubmit its application after addressing the requirements of the Board."; and
- (b) To take up consideration of the Operational Policies and Guidelines once they had been reviewed by the PPRC and the PPRC had made a recommendation to the Board on the amendments that were required.

(Decision B.11/2)

Draft paper on support to the accreditation of NIEs

35. The Board also took up consideration of the paper prepared by the Accreditation Panel on how to support the accreditation of NIEs which is annexed to the report of the third meeting of the Accreditation Panel (AFB/B.11/4), and which contained the terms of reference for the development of an online tool-kit and a guide or manual.

36. The Chair of the Board was also asked for a follow up on the letters that had been received from UNDP, UNEP and the World Bank on the support for the accreditation of NIEs. The Chair explained that both the creation of the online tool-kit and support from UNDP, UNEP and the World Bank would help in the formation of NIEs. Further discussion on the letters received from UNDP, UNEP and the World Bank took place under agenda item 14, "Other matters".

37. Some members expressed the view that Board members had to be more active, with the support of the secretariat, in making presentations at meetings attended by the relevant individuals in the countries concerned. The stakeholders in those countries lacked information on what steps they needed to take when setting up NIEs and, in order to make that information more accessible, it was important that any information that was provided to them was translated into the languages of the United Nations.

38. It was also observed that there was a need to take additional actions to support the accreditation of NIEs and it was asked whether it would be possible to approve them intersessionally as that might speed up the process of accreditation. However, others said that while it was essential to promote the creation of NIEs it was also important to be vigilant at the start of the process when accrediting NIEs.

39. The Vice-Chair of the Panel explained that the process of the accreditation of NIEs was not being held up by the time taken up by the deliberations of the Panel and the Board. Rather it was caused by incomplete nature of the applications that had been submitted for consideration by the Panel.

40. The Chair said that the tool-kit still might be a useful option and that although the members seemed to be of the view that it was important for them to participate in international meetings to raise awareness of the NIEs, whenever he had asked them to

attend the various meetings to which he had been invited there had been little response, apart from the Chair of the EFC.

41. Some members responded that they had actively participated in other meetings to raise awareness of the Adaptation Fund or, where that had not been possible, a colleague had represented them and had done so in their place. Members were also of the opinion that it would be important for the Board to establish its presence on the margins of important international meetings, and that those NIEs that had already been accredited could also be useful in disseminating the knowledge of the process of accreditation. That information could be provided on the website of the Adaptation Fund and made available to relevant stakeholders. It was also suggested that, in addition to international organizations, non-governmental organizations might also be used in helping countries prepare applications for the NIEs.

42. Further details were requested on the process for the selection of consultants by the secretariat and it was observed that in order to promote the selection of consultants from the developing world the number of years experience required of the consultant should be reduced from ten to three in order to ensure an equal opportunity for them.

43. The Manager of the Adaptation Fund Board secretariat said that while the consultant would be selected from among the list of experts maintained by the World Bank, additional experts could be recommended to the World Bank for consideration. She reminded the Board that until it had legal personality such contracts would have to be entered into by the World Bank on behalf of the Board.

44. A number of members said that there was a need to take up the recommendation that had been made by the Accreditation Panel and develop a peer-reviewed tool-kit for presentation at the sixth meeting of the CMP, which should also be available in the different languages of the United Nations. It was important to make use of global meetings to speak with participants and to that end it was important for Board members to submit a list of relevant meetings.

45. The Chair said that only a demonstration version of the tool-kit would be prepared for the sixth meeting of the CMP and the Board was informed that the contract for the consultant was for a 45 day period. The final date for the submission of the completed tool-kit was March 15, 2011, although it would be useful for it to be available earlier. It was also observed that it would be important to make the demonstration version of the tool-kit available in the largest number of languages as well as having it formatted to be available on USB sticks and CDs.

46. The Chair reminded the Board that it was not for the secretariat to write to countries to solicit a list of meetings that should be attended, but the secretariat would receive and circulate that information to the Board when it received it. A demonstration version of the tool-kit would be prepared for presentation at the sixth meeting of the CMP in Cancun., In closing the Chair observed that the Board had supported the recommendation of the Accreditation Panel contained in paragraph 16 of its third report (AFB/B.11/4).

47. The Board, following its approval of the recommendation of the Accreditation Panel, decided to:

- (a) Approve the development of more user-friendly communications tools such as an operational manual or a step-by-step guide and a tool-kit to assist counties in the accreditation process for national implementing entities;
- (b) Request the secretariat to expand the documents that had already been produced and make the accreditation application part of the tool-kit referred to in paragraph (a) above;
- (c) Request the secretariat to make its best efforts to translate the materials mentioned in paragraphs (a) and (b) above into the official languages of the United Nations;
- (d) Request the secretariat to make those materials available via the website of the Adaptation Fund as well as through USB memory sticks or CDs;
- (e) Request the members and alternate members of the Board to provide information on international, regional and national meetings at which the materials referred to in paragraphs (a) to (d) above could be distributed in order to help facilitate the creation of national implementing entities (NIEs);
- (f) Approve the terms of reference for a consultant, as contained in the annex to document AFB/B.11/4, to develop the tool-kit mentioned in paragraph (a) above;
- (g) Reduce from ten to three the number of years experience the consultant is required to have in communications for environmental issues at an international level;
- (h) Approve an allocation from the approved FY11 Secretariat and Board budget, as contained in the annex to document AFB/B.11/4, of US \$40,000 for the work of the consultant and the production of the tool-kit referred to in paragraph (b) above;
- (i) As part of the next budget to establish a provision to create a helpdesk for the accreditation process and to enable a few visits to applicants by a Panel member with the support of the helpdesk; and
- (j) Request the Accreditation Panel to clarify the approved fiduciary standards and the supporting documentation requested and to submit its findings to the Board. This may lead to a review of the accreditation application in order to make it more understandable for the applicants.

(Decision B.11/3)

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

48. The Chair of the PPRC, Mr. Amjad Abdulla (Maldives, Small Island Developing States), introduced document AFB/PPRC.2/L.1 which contained the second report of the PPRC. In his presentation, the Chair of the PPRC said that the PPRC had met on September 15, 2010 from 9.00 a.m. until 5.50 p.m. and then again on September 16, 2010 to adopt its report which was before the Board for its consideration. At its second meeting the Committee had considered eight project and programme proposals and had made recommendations to the Board for each of the projects and programmes.

49. In addition to considering the projects and programmes before it, the PPRC had also considered the issues identified by the secretariat during the initial screening and technical review process as well as the project and programme review criteria that had remained pending from the first meeting of the Committee. The PPRC had held some discussion on the need to amend the Operational Policies and Guidelines but had considered that further discussion of that issue should await a plenary meeting of the members of the Board. The following issues remaining from the first meeting of the PPRC, as well as two issues that had arisen from the screening process, had been considered by the PPRC.

Revision of review process timeline

50. The PPRC considered that while it was desirable to extend the project cycle a decision on how to accomplish that could wait until a future meeting of the Board. The PPRC had also considered whether the circulation of technical reviews to members of the Committee raised issues of conflict of interest that would require consideration of such conflicts beyond the Code of Conduct.

Adequate adaptation reasoning in projects and programmes

51. The Chair of the PPRC said that the PPRC had considered the question of concrete adaptation projects and that a number of issues had been raised. He said that for the moment the PPRC would continue to use its professional judgment and continue to evaluate the question of concrete adaptation projects on a case-by-case basis. The PPRC was engaged in a learning process when evaluating projects and programmes and would make additional suggestions once a sufficient number of cases had been considered.

Consultative process

52. The PPRC had observed that although information on the consultations that had taken place with stakeholders was provided, there appeared to be an omission in the projects templates for the recording of such consultations. It was also observed that pending the project and programme review criteria were reviewed, and the template was revised, it would still remain possible for the secretariat to directly request that information from the applicants.

Sustainability of project outcomes

53. The PPRC had been informed by the secretariat that there might be a need to address the sustainability, or the duration of the impact of, a project. The PPRC had observed that it would be useful to consider taking up the issue as part of a general review of project review criteria.

54. The Chair also said that the question of the sustainability of project outcomes raised issues of the need to review the Operational Policies and Guidelines of the Adaptation Fund.

Programme review criteria

55. The PPRC had observed that it was within the mandate of the PPRC to address both projects and programmes and that at the present time there was no need to make a specific recommendation to the Board on programme review criteria. However, it would be useful to have a presentation by the secretariat on the issue and that it would be important to revise and improve the Operational Policies and Guidelines at a future meeting of the Board.

56. The Chair of the Board asked the Board to comment on the different issues that had been identified during the discussion of technical screening process by the PPRC. He said that a number of those issues also raised the question of the need to revisit the Operational Policies and Guidelines of the Adaptation Fund and he asked the Board how that might best be accomplished. To that end it would also be useful for the secretariat to put all the issues together into a single document. He also asked the Board to consider what might be the gaps in the screening process and he pointed out that the issue of management fees had been considered by the EFC and that the Chair of that committee would make a suggestion on that subject under agenda item 7.

57. In the discussion that followed it was pointed out that in view of the recommendation of the EFC, discussed under agenda item 7, it would be necessary to modify the recommendations of the PPRC for the fully-developed programme for Senegal and the fully-developed project for Honduras in order to reflect that only a single memorandum of understanding was being developed by the Board.

58. It was also observed that although there were issues of confidentiality associated with the review of projects and programmes, it would still be useful for the report of the PPRC to contain more information than it currently does on those projects that had been recommended for approval. It was also observed that most of the work in the review process was being done by the secretariat.

59. The Chair reminded the Board that the issue of the revision of the operational policies and guidelines had arisen under agenda item 5 and that the Board had agreed, in Decision B.11/2, to take up the Operational Policies and Guidelines once they had been reviewed by the PPRC and the PPRC had made a recommendation to the Board on what amendments were required.

60. The Chair also said that the Board should consider all the following recommendations of the PPRC as a whole. A list of the Board approved funding for the project and programme concepts, fully-developed projects and fully-developed programmes approved by the Board at its present meeting is contained in annex III to the present report.

Projects proposed by National Implementing Entities.

Senegal: Adaptation to coastal erosion in vulnerable areas (CSE) (AFB/PPRC.2/1)

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

- (a) Approve the fully-developed programme document (AFB/NIE/Coastal/2010/1), as supplemented by the clarification responses provided by the Centre de Suivi Ecologique (CSE) to the requests made during the technical review, and the additional information provided to the Project and Programme Review Committee at its second meeting; and
- (b) Authorize the secretariat to organize a signing ceremony for signature of the memorandum of understanding between the Adaptation Fund Board and the CSE for the implementation of the programme.

(Decision B.11/4)

Project 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.2/2)

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

- (a) Not approve the fully-developed project document (AFB/MIE/Coastal/2010/1);
- (b) Request the secretariat to transmit to the United Nations Development Programme (UNDP) the observations made by the secretariat and the members of the Project and Programme Review Committee on the proposal when discussing it at its second meeting; and
- (c) Request UNDP to transmit the observations referred to in paragraph (b) above to the Government of Egypt.

(Decision B.11/5)

Guatemala: Climate change resilient productive landscapes (UNDP) (AFB/PPRC.2/3)

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

- (a) Endorse the concept for the project AFB/MIE/Rural/2010/1;
- (b) Request the secretariat to transmit to the United Nations Development Programme (UNDP) the observations made by the secretariat and the members of the Project and Programme Review Committee on the proposal when discussing it at its second meeting;
- (c) Request that UNDP transmit the observations referred to under paragraph (b) above to the Government of Guatemala; and
- (d) Encourage the Government of Guatemala to submit, through UNDP, a fully-developed project proposal that would address the observations referred to in paragraph (b) above.

(Decision B.11/6)

Honduras: Addressing climate change risks on water resources in Honduras: Increased systemic resilience and reduced vulnerability of the urban poor (UNDP) (AFB/PPRC.2/4)

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

- (a) Approve the fully-developed project document (AFB/MIE/Water/2010/4), as supplemented by the additional information provided by the United Nations Development Programme (UNDP);
- (b) Authorize the secretariat to organize a signing ceremony for the signature of the memorandum of understanding between the Adaptation Fund Board and UNDP for the implementation of the project;
- (c) Further request the secretariat to transmit to UNDP the observations made by the members of the Project and Programme Review Committee on the project when discussing the project; and
- (d) Request UNDP to transmit the observations referred to in paragraph (c) above to the Government of Honduras.

(Decision B.11/7)

Madagascar: Promoting climate resilience in the rice sector (UNEP) (AFB/PPRC.2/5)

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

- (a) Endorse the concept for the project AFB/MIE/Agri/2010/1;
- (b) Request the secretariat to transmit to the United Nations Environment Programme (UNEP) the observations made by the secretariat and the members of the Project and Programme Review Committee on the proposal when discussing it at its second meeting;
- (c) Request UNEP to transmit the observations referred to in paragraph (b) above to the Government of Madagascar; and
- (d) Encourage the Government of Madagascar to submit, through UNEP, a fully-developed project proposal that would address the observations referred to in paragraph (b), above.

(Decision B.11/8)

Mongolia: Ecosystem-based adaptation approach to maintaining water security in critical water catchments in Mongolia (UNDP) (AFB/PPRC.2/6)

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

- (a) Endorse the concept for the project AFB/MIE/Water/2010/3;
- (b) Request the secretariat to transmit to the United Nations Development Programme (UNDP) the observations made by the secretariat and the members of the Project and Programme Review Committee on the proposal when discussing it at its second meeting;
- (c) Request that UNDP transmit the observations referred to under paragraph (b) above to the Government of Mongolia; and
- (d) Encourage the Government of Mongolia to submit, through the UNDP, a fully-developed project proposal that would address the observations referred to in paragraph (b) above.

(Decision B.11/9)

Niue: Reducing climate risks to food security in NIUE through integrated community-based adaptation measures and related institutional strengthening (UNDP) (AFB/PPRC.2/7)

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

- (a) Not endorse the concept for the project AFB/MIE/Food/2010/3;
- (b) Request the secretariat to transmit to the United Nations Development Programme (UNDP) the observations made by the secretariat and the members of the Project and Programme Review Committee on the proposal when discussing it at its second meeting; and
- (c) Request that UNDP transmit the observations referred to under paragraph (b) above to the Government of Niue.

(Decision B.11/10)

Uganda: An integrated approach to building climate resilience in Uganda's fragile ecosystem (WFP) (AFB/PPRC.2/8)

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

- (a) Not endorse the concept for the programme AFB/MIE/Water/2010/5;
- (b) Request the secretariat to transmit to the World Food Programme (WFP) the observations made by the secretariat and the members of the Project and Programme Review Committee on the proposal when discussing it at its second meeting; and
- (c) Request that WFP transmit the observations referred to under paragraph (b) above to the Government of Uganda.

(Decision B.11/11)

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

69. The Chair of the EFC, Ms. Ana Fornells de Frutos (Spain, Annex I Parties), introduced document AFB/EFC.2/L.1/Rev.1 which contained the second report of the EFC. She thanked the members of the EFC for their hard work and said that the main topics addressed during the discussion had been the Results Based Management (RBM) practical guide/manual, a proposed amendment to the terms and conditions for the trustee's services, a proposal from UNDP concerning the memorandum of understanding (MOU) between the Board and the implementing entities, and certain financial issues.

RBM: Practical guide/manual on how project baselines and results based frameworks may be prepared

70. The Chair of the EFC said that the Committee had considered document AFB/EFC.2/3, *Project level results framework and baseline guidance*. She noted that the document was addressed to implementing entities, in particular NIEs, and stressed that the guide was not prescriptive in nature but was rather intended primarily to help those who were preparing project or programme proposals for submission.

71. 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 to:

- (a) Adopt the following statement: “The Board is pleased with the progress to date on the guidance document for project level results frameworks and baselines and requests the secretariat to submit a finalized document for review at the twelfth AFB meeting in December 2010. The document should include the project performance template as an annex.”
- (b) Also request that:
 - (i) The finalized document be piloted with interested NIEs. The two NIEs accredited at the eleventh Board meeting: the Planning Institute of Jamaica and the Agencia Nacional de Investigación e Innovación , may be interested in piloting the document as they begin to prepare project and programme proposals. The NIEs comments and suggestions should be incorporated to further refine the guidebook.
 - (ii) The finalized document should include a section on what “meeting costs of concrete adaptation” means for projects and programmes as well as identify sample activities that would not be considered concrete adaptation interventions.
- (c) Further request the secretariat that the RBM policy be updated as follows:
 - (i) Project and programme proposals must include at least one or two outcome and output indicators from the Adaptation Fund’s strategic results framework in project and programme design. This will allow the Adaptation Fund to track results at the portfolio level.
 - (ii) Project and programme proposals should include a baseline for the project or programme, with a description of the problem to be addressed, and include indicator data. If however, major baseline indicators are not identified, the project or programme proposal should include a component for determining how that will be addressed within one year of implementation.

- (d) Include in the guidance document an explanation of the Adaptation Fund's RBM requirements as they relate to project/programme design.

(Decision B.11/12)

Amendment to the terms and conditions for the trustee's services

72. Having considered the recommendation of the Ethics and Finance Committee, the Adaptation Fund Board decided to recommend to the sixth session of the Conference of the Parties serving as the Meeting of the Parties to the Kyoto Protocol (CMP) that the interim services of the trustee be extended until three months after the ninth session of the CMP, to be held in 2013, unless the CMP decided otherwise, in order to allow sufficient time for the Board and the CMP to consider and act upon the review of the administrative arrangements of the Adaptation Fund, and in consideration of the time required to complete the process of selection, negotiation and execution of an agreement with any trustee that would serve beyond the interim period. The amendments to the current Terms and Conditions would become effective and constitute an agreement between the CMP and the World Bank once adopted and accepted through decisions by the CMP and the Executive Directors of the World Bank.

(Decision B.11/13)

MOU between the Board and the implementing entities: proposal from UNDP

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

- (a) To take note of the fact that United Nations Development Programme has stated that it cannot enter into the memorandum of understanding (MOU) until the Board is granted legal capacity, and of the amendments proposed to the approved MOU;
- (b) To request the secretariat to hire an independent legal counsel to draft the standard legal contract that the Board and the implementing entities would enter into once the Board acquired legal capacity; and to submit it for consideration and approval by the Board at its twelfth meeting. In order to inform the process, the secretariat would circulate the approved MOU among the accredited implementing entities and request comments on the text by October 16, 2010. The independent legal counsel hired by the secretariat could seek further clarifications from the implementing entities, if need be. The standard legal contract should include a provision that guaranteed that the Operational Policies and Guidelines, and other rules and procedures approved by the Board, prevailed in case of any conflict with the implementing entities rules and procedures. If the conflict cannot be resolved, any disbursement made shall be refunded to the Adaptation Fund Trust Fund; and

- (c) That, if an implementing entity does not sign an MOU, or eventually the standard legal contract once the Board acquired the legal capacity to enter into contracts, within four months from the date of notification of the approval of the project or program proposal, the funds committed for that project or program approved will be added to funds available for new commitments.

(Decision B.11/14)

74. In response to a question about the role of the independent legal counsel, the Chair of the EFC explained that the consultant would make bilateral contacts and receive information and comments on proposed amendments to the MOU. The ultimate purpose was to arrive at a standard legal document that would stipulate that the operational policies and guidelines, and other rules and procedures approved by the Board, prevailed in case of any conflict with the implementing entities' rules and procedures.

75. With regard to paragraph 74 (c), it was decided that the four months would start as from the date of *notification* to the implementing entity of the approval of a project or programme, rather than from the actual date of approval. In response to a question from the Chair of the Board, the Chair of the EFC clarified that funds for projects would not be disbursed until some legal arrangement, either an MOU or a legal contract, had been signed.

Financial issues

76. The Chair of the EFC reported that three financial issues had been discussed during the second meeting of the EFC.

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

77. The Chair of the EFC reported that the trustee had presented a report on the status of resources of the Adaptation Fund Trust Fund, as contained in document AFB/EFC.2/5.

78. Having considered the recommendation of the Ethics and Finance Committee, the Board took note of the presentation by the trustee of document AFB/EFC.2/5.

Budget reconciliations for the fiscal year 2010-2011

79. The Manager of the Adaptation Fund Board secretariat had circulated a table containing the reconciled figures for fiscal year 2010 (FY10) and the approved budget figures for fiscal year 2011 (FY11). She had noted that there were discrepancies between the amounts approved and the actual expenditures under some items. For example, the subtotal for secretariat staff had decreased, owing to the fact that only part of the amounts set aside for salaries had been spent so far. Moreover, in the consultant category, one of the Accreditation Panel experts had not yet submitted his bills to the secretariat. It was observed that the amount in the budgetary line for GEF staff cross

support, approved for FY11, may not be sufficient. The Committee had agreed, however, that it was not necessary to amend the budget for FY11 as the expected changes were not significant, and the US\$ 3,000,000 operational reserve provided protection from unforeseen events.

80. Having considered the recommendation of the Ethics and Finance Committee, the Adaptation Fund Board took note of the budget reconciliation for the fiscal year 2010-2011, as contained in the annex to the report of the Ethics and Finance Committee (AFB/EFC.2/L.1/Rev.1).

Number of meetings per year

81. The Chair of the EFC said that the Committee had also recommended that the Board decide, in view of the high cost of the travel component, that the number of Board meetings be reduced from four to three per year, adapting the duration of the meetings to the length of the proposed agenda. The Committee had also recommended that use should be made of an intersessional decision-making mechanism for the approval of projects/programmes or any other decisions, if necessary.

82. Following a discussion, during which some members objected to reducing the number of meetings per year from four to three, the Board decided to maintain the current schedule of four Board meetings per year and defer further consideration of the recommendation until a subsequent meeting of the Board.

(Decision B.11/15)

GEF staff support for AFB secretariat

83. The Chair of the EFC said that the Manager of the Adaptation Fund Board secretariat, in response to a request made at the last Committee meeting, had circulated a chart containing a list of GEF staff and the tasks they had performed since July 2010, with a view to providing a complete report by the end of the fiscal year. The Board took note of the information submitted.

Implementing entity project fees

84. The Chair of the EFC reported that the secretariat had presented a comparison of the current management fees proposed by NIEs and MIEs, which ranged from 5 per cent to 10 per cent. Potential options included (a) the establishment of fees on a case-by-case basis, with a cap of 9 per cent; (b) a flat fee of 9 per cent, or (c) a lower fee of 7-8 per cent. Taking into consideration these various options, the EFC decided to recommend a cap of 8.5 per cent.

85. In response to a question raised about the decision of an 8.5 per cent cap for all projects/programmes funded by the Adaptation Fund, the Chair of the EFC explained that the decision was a compromise of various proposals by Committee members, taking into account that implementing entities had to recover their costs, but that the

countries themselves could also contribute to the work of preparing and designing projects.

86. Following a discussion, and having considered the recommendation of the Ethics and Finance Committee, the Board decided:

- (a) To set a cap for a fee of 8.5 per cent for all projects/programmes funded by the Adaptation Fund;
- (b) That implementing entities should provide a budget on fee use in project or programme proposals, which would be considered during project and programme review; and
- (c) That the fee policy could be reviewed and adjusted after three years, or more specifically at the meeting of the Board following the ninth session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol.

(Decision B.11/16)

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

Initial funding priorities

87. The Board was invited to consider the issues outlined in document AFB/B.11/5, namely, eligible countries, cap per eligible country, allocation per region, and criteria for prioritizing among eligible projects. Some members felt that any decisions on those issues should be deferred until more experience had been gained. Others were of the view that there was a risk that MIEs might crowd out NIEs in some countries if a decision was not taken on a cap per eligible country. The view was also expressed that six Asian countries, including two small island developing countries, were being excluded. The Adaptation Fund must be guided by the provisions of the Convention in categorizing the vulnerabilities of countries. However, there was no need for Board to take a definite stand at the present meeting and it was suggested that the issue be placed on the agenda for the twelfth meeting of the Board. The Chair reminded the Board that the issue had been before it since its inception and would need to be addressed once legal capacity was conferred on the Board.

88. Following the discussion, the Board decided to request the secretariat to reformulate the criteria for prioritization among different projects, if they contained any discrepancy with the Convention.

(Decision B.11/17)

Funding for project formulation costs

89. The representative of the secretariat said that, pursuant to a request from the Board at its tenth meeting, contained in decision B.10/4, the secretariat had prepared a note on project formulation costs (AFB/B.11/6) that included a discussion on the practices of international funds when awarding funding for project formulation costs.. In a PowerPoint presentation, the representative of the secretariat reviewed the practices of the Global Environment Facility (GEF), the Strategic Climate Fund (including the Pilot Program for Climate Resilience, the Forest Investment Program, and the Scaling-up Renewable Energy Program in Low-Income Countries), the Multilateral Fund for the implementation of the Montreal Protocol, the Global Fund, and the Global Alliance for Vaccines and Immunization.

90. Possible issues for the Adaptation Fund included the following: (i) deciding whether the implementing entity would be remunerated on the basis of a percentage of the preparation grant or at a flat rate; (ii) preparing a list of activities and items eligible under the preparation grant; (iii) setting a maximum time limit for preparation; (iv) determining the role of the EFC in setting the parameters for project formulation costs; (v) deciding whether the cost was additional to the project cost or separate from the project grant; and (vi) deciding whether to make any differentiation between MIEs and NIEs.

91. A discussion was held, during which it was agreed that (i) project formulation grant (PFG) should be given once a project concept has been approved (ii) consideration should be given in terms of differentiating between NIEs and MIEs, since some NIEs might have financial difficulties in trying to formulate project or programme proposals; (iii) a flat rate should be given for project formulation costs; (iv) a list of eligible activities and items still needed to be prepared; ((v) the grant should be additional to the project cost; and (vi) the fate of funds if the final project document was rejected should be determined. There was consensus that a three tiered system should be considered for project formulation grants: endorse a project concept with a PFG amount, endorse a project concept without a PFG amount, or reject the project concept.

92. Following the discussion, the Board decided to request the secretariat to reformulate the document, to include a comparison of eligible activities provided by other funds for project formulation grants, to take into account guidance provided by the Board at the present meeting, and to submit the document to the Board at its twelfth meeting, through the EFC. The EFC should review and finalize the process and policy of the project formulation grant focusing in particular on: the issue of unspent project funds; the procedures followed by other funds in that regard; and the determination of a flat-rate.

(Decision B.11/18)

Implementing entities fees

93. The agenda item was considered under agenda item 7, report of the second meeting of the Ethics and Finance Committee.

Vulnerability

94. The Chair deferred consideration of the agenda item until the twelfth meeting of the Board.

Accreditation of non-invited multilateral institutions

95. The Chair reminded the Board that at its tenth meeting he had informed it that he had received a letter from United Nations Capital Development Fund requesting accreditation as an MIE. He also informed the Board that during the intersessional period he had received a further three letters from international organizations requesting accreditation as MIEs: the United Nations Office for the Project Services, the Organization of American States and the Global Water Partnership. The Chair said that the letters raised the issue of how the Board should respond to unsolicited requests for accreditation as MIEs.

96. A number of members said that it was important for the Board to retain its focus on the promotion of NIEs and that there was already a long list of multilateral organizations that had been invited to submit applications for accreditation as MIEs, and that the Accreditation Panel had not yet received applications from all of the invited organizations. It was observed that there had been no guidelines established for MIEs when the initial invitations had been issued and that it would be unfair to foreclose consideration of additional applications, especially when such international organization might be ready to present an urgent project. Those applications should be considered on a cases-by-case basis.

97. Following a discussion, the Board decided to

- (a) Keep the item on the agenda for the Board at its twelfth meeting; and
- (b) To authorize the Chair to respond to the international organizations that submitted unsolicited requests for accreditation as multilateral implementing entities to thank them for the expressions of interest and to inform them that the Board would consider those requests at a subsequent meeting of the Board.

Decision (B.11/19)**Agenda item 9: Draft report of the Adaptation Fund Board to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) at its sixth session**

98. The Manager of the Board secretariat presented the draft report of the Adaptation Fund Board to the CMP, contained in document AFB/B.11/7/Rev.1, covering the period from December 2009 to September 2010 which would need to be aligned with the decisions taken at the present meeting. It contained three sections: an introduction, work undertaken during the reporting period, and support for the Adaptation Fund Board and implementation of its mandate. Proposed amendments to the terms and conditions of services to be provided by the trustee to the Adaptation

Fund were attached as an annex. The Board was invited to consider the draft report and provide inputs for its completion.

99. Members paid tribute to the quality of the report but suggested that it should be revised in order to emphasize the achievements of the Board, and especially the Accreditation Panel, during the reporting period. More details might be included on specific ways in which the Board and its Committees were fulfilling their mandate, such as the number of projects/programmes approved, the regions in which they would be implemented, and the areas to be impacted by the work undertaken by the Board.

100. It was noted that an addition was needed in paragraph 10, to reflect the fact that Mr. Abdulhadi Al-Marri (Qatar, Asia) had replaced Mr. Mohammed Al-Maslamani (Qatar, Asia) as representative of the Asian Group. It was also suggested that the report should contain a list of the members of the Board.

101. Following the discussion the Board decided to authorize the Chair, with the assistance by the secretariat, to finalize the draft report after the close of the present meeting.

(Decision B.11/20)

Agenda Item 10: Communications strategy for the Adaptation Fund Board

102. The Manager of the Adaption Fund Board secretariat introduced the communications strategy contained in the document AFB/B.11/8. She reminded the Board that the communications strategy was the work of an independent consultant whose views were those of an outside observer. The document outlined the external and internal challenges and opportunities facing the Adaptation Fund Board and recommended that the Adaptation Fund needed to fortify and amplify its messages to key stakeholders and recipient countries. Two options had been recommended as strategic objectives and a number of communications objectives had been identified, as well as the target audiences of the communications strategy. The consultant had suggested a number of draft messages, a timeline for the completion of tasks before sixth meeting of the CMP, as well as a number of measures to evaluate the success of the implementation of the strategy.

103. The Chair said that the Board should remember that the report reflected the opinion of an outsider observer who was reflecting the concerns of the Board's constituency and he recalled that he had heard similar concerns expressed: that it had taken too long for the Board to become operational, that the principle of direct access was only slowly being implemented and that no projects had been approved. The recent achievements of the Board had to be made known and for that the Board needed to develop a communications strategy. The consultant had made a number of useful recommendations, such as the appointment of a spokesperson for the Fund, and had provided two options for developing a communication strategy. So far the materials produced by the Board had been excellent but there was a need to make them more accessible to the Board's target audience. To that end it might be useful to develop a

newsletter that could be circulated electronically that could supplement the press-releases that were already being issued by the Chair. It would also be useful to hear, on a regular basis, the views of the observers at the meetings of the Adaptation Fund Board.

104. A development of a communications strategy was important and its implementation would help to correct the misperceptions about the Fund. Outreach was required and could include having a spokesperson, such as a former Chair of the Board, or attending international meetings, such as those of the G20, in order to ensure that the Adaptation Fund was a lynchpin in the financial architecture of climate change.

105. Members were of the opinion that it was important to link the communications strategy to the development of NIEs which had to remain the priority for the Board. The consultant to be engaged also needed the relevant expertise to act as permanent expert who would encourage countries to establish NIEs. It was also observed that it would be important to provide greater detail on the approval process both to provide guidance for those making submissions as well as demonstrate what was meant by concrete adaption projects.

106. The Chair said that while the issues raised were broader than the issue of communications, the Board did have a communications gap which had to be addressed. However, others were of the view that there was no need, as yet, to establish an elaborate communications scheme and that the efforts had to be concentrated on the preparation of presentations and factsheets that ought to be available in the different languages of the United Nations. It was also suggested that there was no need to specifically name a spokesperson for the Board as the Chair already occupied that position.

107. There was also general agreement that the Board should select the second of the two options presented in the paper, and it was agreed that the Board could make use of a signing ceremony as an awareness raising event when the first memorandum of understanding was signed with an NIE. Generally the Board was of the view that the efforts for the moment should concentrate on what could be accomplished before and during the sixth meeting of the CMP as the Board did not have great deal of funding available. A greater effort could be made during 2011 and in preparation for the seventh meeting of the CMP.

108. The Chair suggested that the Vice-Chair could act as the spokesperson for the Board, or perhaps coordinate the communications strategy. However, it was felt that there was an added value to the Board to retain the Chair in that role. The Chair agreed, but reminded the Board that he would continue to act in consultation with the Vice-Chair.

109. Following the discussion the Board decided to:

- (a) Approve the "option B" contained in section XIII of the document AFB/B.11/8;

- (b) Approve the budget for implementing the communications strategy as contained in “option B”, in paragraph (a) above;
- (c) Request the secretariat to ensure that as part of the communications strategy a fact-sheet was developed to address the misconceptions that had been identified in the document AFB/B.11/8;
- (d) Request the secretariat to consider ways to improve the existing handbook of the Adaptation Fund;
- (e) Request the secretariat to organize a signing ceremony, either in Washington, D.C., or in Cancun, Mexico, at the time when the first memorandum of understanding between the Adaptation Fund Board and an Implementing Entity was ready for signature;
- (f) Provide an hour of open discussion just prior to the closure of its twelfth meeting in order to allow the observers at that meeting to interact with the Board and make their views known; and
- (g) Maintain an item dealing with the communications strategy on the agenda of its future meetings.

(Decision B.11/21)

110. The Chair also reminded the Board that in view of Decision B.11/21 it would have to amend the budget of the secretariat for the fiscal year 2011 in order to implement “option B” of the communications strategy. He said that in view of the additional resources remaining in the secretariat’s budget it would only be necessary to increase the secretariat’s budget by US\$ 65,000.

111. The Board decided to approve an increase, for the fiscal year 2011, in the secretariat budget of US\$ 65,000 to cover the costs of undertaking option B of the communications strategy set out in document AFB/B.11/8.

(Decision B.11/22)

Agenda Item 11: CER monetization

112. The Board heard a presentation by the trustee on the status of the CER monetization program, which included a report on the situation in the carbon markets, in particular the impacts caused by the recent questions raised over CER projects related to “HFC-23”, which is a by-product of the production of HCFC-22. As of August 2010 CERs issued for projects related to HFC-23 represented more than 50 per cent of the CERs that had been issued under the CDM. The trustee noted that for the past several months the price of CERs had been driven by external factors such as the price of oil and electricity but that towards the end of August 2010 the price of CERs had decoupled from those drivers. It was widely reported in the press that some CDM projects may have employed increased production of HCFC-22 in order to generate

CERs through destruction of its by-product, HFC-23. In August 2010 the Clean Development Mechanism (CDM) Executive Board therefore decided to investigate eight projects, which impacted CER prices. The trustee also noted that there had been a general decrease in the number of CERs issued each month under the CDM - from approx. 20 million tons in July 2009 to approx. 4 million tons in July 2010, although there had been a slight increase to 6 million tons in September 2010.

113. The trustee also reported on its sales of CERs during the intersessional period on behalf of the Adaptation Fund, noting that as at September 10 2010, 7.36 million CERs had been monetized, generating a total of approximately US\$ 125 million for the Adaptation Fund Trust Fund. The trustee reported that it had to date executed over 220 separate transactions on the BlueNext Carbon Exchange on behalf of the Adaptation Fund and arranged ten over-the-counter sales through seven large brokers. The CER price achieved to date averaged EUR 12.53 per ton and the estimated potential resources available from the monetization of CERs until the end of 2012 (including additional donations already received) remained unchanged at between US\$ 300-430 million.

114. The trustee was asked for further details on the European Union's recognition of CERs from HFC-23 projects. The trustee explained that if the European Union decided not to accept such CERs after 2012, it could have an impact on prices in the future. However, the issue of the investigation of 8 projects by the CDM was separate matter and the impact on CER prices derived in large part from the fact it had surprised the markets. The CDM proposed to review the previous 10 years to see whether there were any examples of HCFC-22 being created in order to benefit from the destruction of the HFC-23 by-product. There was also a separate question of whether the validating firms, which had validated the CER projects for HFC-23, would be held accountable for any such CERs that had been issued. The trustee also reminded the Board that much depended on the outcome of the negotiations over the future of the Kyoto Protocol, which could also impact the price of CERs as a limited supply of CERs might push up the price in the future. Finally, the Chair remarked that such changes may have already been discounted by the markets.

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

Agenda Item 12: Financial Issues

Financial status of the Adaptation Fund Trust Fund and the Administrative Trust Fund

116. The trustee said that, as at July 31 2010, the cumulative receipts of the Adaptation Fund Trust Fund included US\$ 168,980,000 which was comprised of US\$ 112,470,000 in cash receipts from the sale of CERs, US\$ 57,070,000 in cash receipts from Donors and other sources, and US\$ 440,000 in investment income. The cumulative disbursements to that date had been US\$ 9,540,000 leaving the funds held in trust at US\$ 160,430,000. The trustee also explained that the trustee also maintains an operational reserve of US\$ 3,000,000 and that an additional US\$ 1,150,000 had

been committed but had not yet been disbursed. That meant that the funds available for new commitments, as of July 31 2010, were US\$156,289,000. Since that date a further US\$ 12,160,000 had been received from the subsequent sale of CERs and an additional US\$ 240,000 in donations had been processed. As of September 10 2010 the Board therefore had US\$ 168,680,000 available for new funding commitments.

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

Agenda Item 13: Future Board meetings

118. The Manager of the Adaptation Fund Board secretariat proposed tentative dates for the meetings of the Board in 2011 and confirmed the dates of the twelfth meeting of the Board in Cancun, Mexico. She also thanked the secretariat of the UNFCCC for its help in evaluating the sites proposed by the Government of Mexico.

119. Following a discussion, the Board decided:

- (a) 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
- (b) To tentatively hold its thirteenth meeting in Bonn during the week of 14 to 18 March 2011;
- (c) To tentatively hold its fourteenth meeting in Bonn during the week of 20 to 25 June 2011;
- (d) To tentatively hold its fifteenth meeting in Bonn during the week of 12 to 16 September 2011; and
- (e) To tentatively hold its sixteenth meeting in South Africa, during the week of 12 to 16 December 2011, back-to-back with the seventh Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol.

(Decision B.11/23)

Agenda Item 14: Other matters

120. The Chair invited the Board to discuss any other matters raised during the adoption of the agenda.

Resignation of Mr. Elsayed Sabry Mansour

121. The Board was informed that Mr. Elsayed Sabry Mansour (Egypt, Africa) was leaving his current position in the Egyptian Government to become the manager of the national communications of his country. He was thus resigning to the Board, and the members thanked him for his efforts as both a member of the Board and the Project and Programme Review Committee.

Timing of the adoption of the report of the meeting

122. It was suggested that the Adaptation Fund Board should discontinue its practice of adopting its report intersessionally and adopt its report before the closure of its meeting as was the practice in the CDM and other bodies of the United Nations.

123. The Chair explained that with the limited staff available to the Board it would not be possible to adopt the report on the final day of the meeting. However, it would be possible to prepare skeleton report that contained only the decisions taken by the Board as well as a report of some of the key discussion which were not recorded in the decisions, on the understanding that such a document would not contain any discussions or decisions taken after the penultimate session of the Board on the last day of its meeting.

124. The Board took note that the secretariat would use its best efforts to present a skeleton report for adoption of the Board at the close of its meetings and that the skeleton report would contain the decisions taken by the Board, as well as the key discussion not recorded in those decisions, up to the penultimate session of each meeting. The Board also agreed to continue its practice of adopting the full report of its meetings intersessionally.

Presentation on mainstreaming gender into adaptation financing

125. The observer for UNDP made a PowerPoint presentation on mainstreaming gender into adaptation finance. She noted that the impacts of climate change were evident and gendered and that women's active engagement in project management had been linked to better project and programme outcomes. A gender approach should be integrated into programmes and projects from the beginning, and it was important to allocate financial resources and include gender experts in projects' expert task teams. Currently, she noted, the Adaptation Fund's project level results frameworks and baseline guidance document included a comprehensive definition of vulnerable groups and required disaggregated data by gender for some indicators; the operational policies and guidelines made particular reference to the most vulnerable communities; the report on fiduciary standards for implementing entities required social and environmental safeguards; and both approved projects from Senegal and Honduras included some gender considerations. Possible gender entry points that could be considered by the Board were the inclusion of social dimensions and gender equality considerations within the strategic priorities, policies and guidelines, gender dimensions in the project review criteria, and gender analyses as an activity eligible under the preparation grant.

126. The Board thanked the representative of UNDP for her presentation and welcomed her proposals. They would be taken into account in the review of the operational guidelines and in considering applications for funding of projects and programmes.

Privileges and immunities of Board members

127. Several members noted that the members and alternate members of the Adaptation Fund Board might not partake of the privileges and immunities that they enjoyed when participating in meetings of the UNFCCC that were being held back-to-back with meetings of the Adaptation Fund Board and it was observed that the granting of legal capacity to the Adaptation Fund Board might not change that situation when the Board met outside of Germany.

128. The Chair said that he would raise the issue with the UNFCCC secretariat and will invite it to report to the board at its twelfth meeting.

Presentation by UNISDR

129. The Board heard a presentation made by a representative of Ms. Margareta Wahlström, Special Representative of the Secretary General for Disaster Reduction, on the Hyogo Framework of Action and the linkages between the work of the UN International Strategy for Disaster Reduction (UNISDR) and that of the Adaptation Fund Board.

130. Some members said that there significant differences between the approach taken by the ISDR and the Adaptation Fund and it was observed that the Hyogo Framework placed the costs of response to disaster onto the countries responding to the disaster themselves. There was concern expressed that attempts to link the work of the Adaptation Fund and the ISDR might lead to the developed world shifting the costs of the adaptation on to the developing world.

131. Others suggested such was not the intention of the presentation and it was further noted that the Hyogo Framework was non-binding. It was observed that there were significant synergies between the work of the two organizations and much could be accomplished if they were to work together. That represented a challenge on a number of levels as for most countries disaster relief was considered in terms of human rights while adaptation was dealt with in terms of climate change and the Ministries that dealt with human rights issues rarely communicated with those that dealt with climate change.

132. The Chair thanked the representative of the ISDR for the presentation and said that the data that had been presented would be considered by the PPRC.

Disbursement of approved project and programme funds

133. The Chair observed that as the Board had approved a fully-developed programme and a fully-developed project it would also have to consider the issue of a framework for the disbursement of funds for the programme and the project and he asked the Board for its views. It was observed that the standard way to deal with the issue was to establish milestones based on the phases of a project, and to disburse funding in tranches against the completion of the different milestones. It was also

observed that as there were as yet no rules established by the Board it would be better to avoid a “quick-fix” at the present meeting.

134. The Manager of the Adaptation Fund Board secretariat explained that paragraph 45 of the Operational Policies and Guidelines only referred to the disbursement of funds in tranches for programmes and not for projects.

135. The Chair observed that it would be important to avoid any “bottlenecks” in funding in the future, but also that there was no need to disburse any funding at the present meeting. He also observed that while the Board had approved both a programme and a project, as the project had been proposed by UNDP, disbursement of funds for the project would have to wait until after the Board had been granted legal personality.

136. After a discussion, the Board decided to request the secretariat to circulate intersessionally a proposal of schedule and milestones for disbursement of funds for the approved project and programme.

(Decision B.11/24)

Follow-up on the offer of the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP) and the World Bank to facilitate the creation of implementing entities

137. The Chair informed the Board that the secretariat had received a letter on behalf of UNDP, UNEP and the World Bank requesting that they be given a speaking slot at the side event being held by the Adaptation Fund in Tianjin, China on October 5 2010 in order to explain their joint initiative for capacity development for NIEs. He asked the Board for its views.

138. Several members questioned whether it was wise to ask MIEs to support the development of NIEs and others asked for an explanation as to why only UNDP, UNEP and the World Bank were being considered at the present meeting. It was also observed that as there was only limited time available in Tianjin, China for the side event and that it might weaken the presentation made by the Board if that time were shared with the MIEs.

139. The Chair explained that the letter was a follow up on the request that the Board had made to have international organizations help in the accreditation of NIEs as had been mentioned at the tenth meeting of the Board. However, he also stressed that there had been no change since then and that the concept note that had been attached to the letter was identical to the concept note that had been submitted in June 2010. Other international organizations could also help establish NIEs but in the present case the issue was before the Board because the three MIEs had responded.

140. The Chair asked which members would be present at the meeting in Tianjin, China. The following members and alternates said that they would be present: Mr.

Abdulahdi Al-Marri (Qatar, Asia), Mr. Anton Hilber (Switzerland, Western Europe and Others), Mr. Richard Muyungi (Tanzania, Least-developed Countries), Mr. Ricardo Lozano Pico (Colombia, non-Annex I Parties), and Mr. Luis Santos (Uruguay, Latin America and the Caribbean).

141. Following a discussion the Board decided to request the Chair to respond to the joint initiative of UNDP, UNEP and the World Bank by encouraging the further development of the concept note.

(Decision B.11/25)

Agenda item 15: Adoption of the report

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

Agenda Item 16: Closure of the Meeting

143. Following the customary exchange of courtesies, the Chair declared the meeting closed on Friday, 17 September 2010 at 5 p.m.

MEMBERS AND ALTERNATES PARTICIPATING AT THE ELEVENTH MEETING

MEMBERS		
Name	Country	Constituency
Mr. Cheikh Ndiaye Sylla	Senegal	Africa
Mr. Abdulhadi Al-Marri	Qatar	Asia
Ms. Medea 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. Richard Muyungi	Tanzania	Least-Developed Countries
Mr. Hiroshi Ono	Japan	Annex I Parties
Mr. Julien Rencki	France	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 Mansoeur	Egypt	Africa
Mr. Damdin Davgadorj	Mongolia	Asia
Ms. Tatyana Ososkova	Uzbekistan	Asia
Mr. Valeriu Cazac	Moldova	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 Shawat Ali	Bangladesh	Least-Developed Countries
Ms. Kate Binns	United Kingdom of Great Britain and Northern Ireland	Annex I Parties
Ms. Ana Fornells de Frutos	Spain	Annex I Parties
Mr. Bruno Sekoli	Lesotho	Non-Annex I Parties

ADOPTED AGENDA OF THE ELEVENTH MEETING

1. Opening of the Meeting
2. Organizational Matters
 - (a) *Adoption of the Agenda*
 - (b) *Organization of Work*
 - (c) *Declarations of conflicts of interest*
3. Report on intersessional activities of the Chair
4. Secretariat activities
5. Report of the Accreditation Panel
6. Report of the 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) RMB: Project level results framework and baseline guidance document;
 - (b) Extension of the terms and conditions of the trustee's services
 - (c) MOU between the Board and the implementing entities: proposal from UNDP
 - (d) Financial issues
 - (i) Status of resources of the Adaptation fund Trust Fund and Administrative Trust Fund
 - (ii) Budget reconciliations for the fiscal year 2010-2011
 - (iii) Number of meetings per year
 - (e) GEF staff support for AFB secretariat
 - (f) Implementing entity project fees
8. Issues Remaining from the 9th Board meeting
 - (a) Initial funding priorities
 - (b) Funding for project formulation costs
 - (c) Implementing entities fees
 - (d) Vulnerability
 - (e) Accreditation of non-invited multilateral institutions
9. Draft report of the Board to CMP 6
10. Communications strategy
11. CER monetization
12. Financial issues
 - (a) *Status of resources of the Adaptation Fund Trust Fund and Administrative Trust Fund*
13. Future board meetings

14. Other Matters
 - (a) Resignation of Mr. Elsayed Sabry Mansour
 - (b) Timing of the adoption of the report of the meeting
 - (d) Presentation on mainstreaming gender into adaptation financing
 - (e) Privileges and immunities of the Board members
 - (f) Presentation by the UN International Strategy on Disaster Reduction (UNISDR)
 - (g) Disbursement of approved project and programme funds
15. Adoption of the report
16. Closure of the Meeting

FUNDING APPROVED FOR FULLY-DEVELOPED PROJECTS AND PROGRAMMES, AND
FUNDING REQUESTED BY PROJECT AND PROGRAMME CONCEPTS ENDORSED AT
THE ELEVENTH MEETING OF THE ADAPTATION FUND BOARD

	Country	Implementing Agency	Document Ref	Amount
Programme:	Senegal	CSE (NIE)	AFB/NIE/Coastal/2010/1	8,619,000
Project:	Honduras	UNDP	AFB/MIE/Water/2010/4	5,698,000
Concepts:	Guatemala	UNDP	AFB/MIE/Rural/2010/1	5,500,000
	Madagascar	UNEP	AFB/MIE/Agri/2010/1	4,505,000
	Mongolia	UNDP	AFB/MIE/Water/2010/3	5,500,000
Total				29,822,000