



ADAPTATION FUND

AFB/B.19/6/Rev. 1
12 February 2013

ADAPTATION FUND BOARD

Nineteenth Meeting
12 to 14 December 2012
Bonn, Germany

REPORT OF THE NINETEENTH MEETING OF THE ADAPTATION FUND BOARD

INTRODUCTION

1. The 19th meeting of the Board of the Adaptation Fund of the Kyoto Protocol was held at the 'Langer Eugen' United Nations Campus, in Bonn, Germany, from 13 to 14 December 2012, back-to-back with the 10th meetings of the Project and Programme Review Committee (PPRC) and the Ethics and Finance Committee (EFC) of the Adaptation Fund Board ("the Board"). The Board meeting was briefly opened on 12 December 2012 for a dialogue with the recently appointed Head of the Adaptation Fund Board secretariat and Global Environment Facility (GEF) CEO, Dr. Naoko Ishii. The meeting of the whole Board reconvened on 13 December 2012. The meeting was also preceded by a dialogue with civil society which took place on 10 December 2012 at the same venue.

2. The meeting was broadcast live through the websites of the Adaptation Fund and the United Nations Convention to Combat Desertification (UNCCD). The UNCCD also provided logistic and administrative support for the meetings of the Board and its committees.

3. The meeting was convened pursuant to Decision 1/CMP.3 adopted at the Third Meeting of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP). The full list of the members and alternate members 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 in document AFB/B.19/Inf.3 on the Adaptation Fund website at <http://www.adaptation-fund.org/documents.html>.

Agenda item 1: Opening of the Meeting

4. The meeting was opened briefly at 9.10 a.m. on Wednesday, 12 December 2012 by the Chair, Mr. Luis Santos (Uruguay, Latin American and Caribbean countries), who greeted the members and alternates of the Board, and welcomed all the participants to the 19th meeting. He extended a warm welcome to Dr. Naoko Ishii, the recently appointed Head of the Adaptation Fund Board secretariat, and invited her to address the Board.

5. Dr. Ishii confirmed the commitment of the Global Environment Facility (GEF) to serving the Board as its secretariat. She said that there was an increased need to focus on adaptation actions and that without bold policy actions the progress made in poverty reduction might be eliminated. Having previously worked in the Maldives, Sri Lanka and Vietnam she understood the needs of those suffering from the effects of climate change, while in her previous capacity as the Japanese Deputy Vice-Minister of Finance she had entered into a dialogue on natural disaster risk management. Mitigation did not suffice under the increasingly intense and frequent extreme weather events being experienced. The impacts of climate change had already been felt and so there was a need to strengthen those adaptation actions already being undertaken. She informed the Board that in her new capacity she had held discussions with representatives of the least-developed countries and the small-island developing states.

6. Dr. Ishii noted that since the launch of the first call for proposals, in June 2010, the Adaptation Fund had programmed US \$166.4 million for 25 projects or programmes in 25 countries. The Fund's project cycle was efficient: it had pioneered the direct access modality, it had accredited a total of 25 implementing entities in fewer than three years, and its first direct access programme was nearing completion. Those accomplishments were significant and should be built upon, she said. Speaking in her capacity as CEO of the Global Environment Facility she reminded the Board that GEF experts had aided the dedicated adaptation specialists of the Fund. She also emphasized the role of the GEF Trust Fund in promoting innovation and protecting the global commons, and thanked the Board for demonstrating innovative practices and ways of doing business. The Adaptation Fund was the first organization to establish an accreditation panel and the GEF was looking at the lessons learned from that process. Another innovation—performance-based project implementation and disbursement—was also something from which the GEF could learn.

7. In closing Dr. Ishii thanked the Chair for his leadership during the present year and for his participation at both the 18th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP 18) and CMP 8. She committed herself to providing the best quality of service to the Fund and informed the Board that, in accordance with Decision B.18/40, the position of the secretariat's Manager had been upgraded, with the incumbent being confirmed in her position following a competitive process, and her contract extended until October 2014.

8. The Chair said that he shared the views expressed by Dr. Ishii. The secretariat was at the core of the activities of the Board, and the present financial issues were a key problem which he hoped to solve with its help. He also said that although the process of accrediting National Implementing Entities was underway there was still a need to encourage direct access to the Fund, and he offered the benefits of the Board's expertise to the GEF.

9. In response to questions on capacity-building, funding strategies, the accreditation process and the need for cost-effective support for the Board, Dr. Ishii said that there were both similarities and differences between the operations of the Adaptation Fund and the GEF. Those differences allowed the Adaptation Fund to have a faster accreditation process, something from which the GEF could learn. With respect to funding she said that it was important to have a clear strategy for positioning the Fund among the other climate-related funds, and that there was a need for greater coordination between those funds and the development of synergies between them. It was important for the Adaptation Fund to use its strong story of adaptation to explain the benefits of the Fund. She agreed on the need for the GEF to provide good quality services to the Fund and on the need for predictable funding. She said that the GEF Council was unified in its view that donors had to be encouraged to fulfill their obligations.

10. The Board took note of the intervention by the Head of the Adaptation Fund Board secretariat.

11. Upon reopening the meeting on Thursday, 13 December 2012 at 10.20 a.m., the Chair welcomed a new Board member, Mr. Waduawatte L. Sumathipala (Sri Lanka, Asia). He also reminded the Board that Mr. Ilhomjon Rajabov (Tajikistan, Asia) had been elected as an alternate Board member.

12. The Board decided to appoint Mr. Hans Olav Ibrekk (Norway, Western European and Others Group) as a member of the Board and Mr. Anton Hilber (Switzerland, Western European and Others Group) as an alternate member of the Board.

(Decision B.19/1)

Agenda item 2: Organizational matters

(a) Adoption of the agenda

13. The Board considered the provisional agenda contained in document AFB/B.19/1/Rev.1, and the provisional annotated agenda contained in document AFB/B.19/2/Rev.1, as well as the provisional timetable attached to it. The Board also agreed to consider the following issues under agenda item 16, "Other Matters": the report of the learning mission to Senegal and the language of submissions to the Accreditation Panel.

14. The Board adopted the agenda, as orally amended, contained in **Annex II** to the present report.

(b) Organization of work

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

(c) Declarations of conflict of interest

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

- (a) Ms. Sally Biney (Ghana, Non-Annex I Parties), who works for the Government of Ghana, when the Board discussed the project proposal submitted on behalf of the Government of Ghana by the United Nations Development Programme (UNDP);
- (b) Mr. Santiago Reyna (Argentina, Latin American and Caribbean Countries), who advises the Government of Argentina, when the Board discussed the project proposal submitted on behalf of the Government of Argentina by the World Bank;
- (c) Mr. Waduawatte L. Sumathipala (Sri Lanka, Asia), who works for the Government of Sri Lanka, when the Board discussed the project proposal submitted on behalf of the Government of Sri Lanka by the World Food Programme (WFP); and
- (d) Mr. Aram Ter-Zakaryan (Armenia, Eastern Europe), who works as consultant with UNDP, when the Board discussed any of the project proposals submitted by UNDP.

17. The Manager of the Adaptation Fund Board secretariat, Ms. Marcia Levaggi, also said that as she was an Argentine Government officer on leave, she would have a conflict of interest when the Board took up matters related to Argentina.

d) *Oath of service*

18. The oath of service was signed by the new member of the Board, Mr. Waduawatte L. Sumathipala (Sri Lanka, Asia).

Agenda item 3: Report on intersessional activities of the Chair

19. The Chair informed the Board that he had met with the Executive Secretary of the United Nations Framework Convention on Climate Change (UNFCCC) and that, in accordance with intersessional Decision B.18-19/11, the UNFCCC Secretariat had purchased Adaptation Fund CERs to compensate for the carbon emissions caused by the travel of participants to the COP. The Chair noted this was an innovative decision which would set a precedent for other organizations, and that the UNFCCC sought to purchase AF CERs on a recurring basis. During the intersessional period the Chair had also held telephone conferences with the new Head of the Adaptation Fund Board secretariat. The Chair said he was grateful for the upgraded position of the Manager of the secretariat and the continuation of the incumbent in that position. A "Donate" link from the website of the Fund to the United Nations Foundation website had been established and the Chair had met with donors in the margins of COP 18 and CMP 8, where, with the support of the secretariat, he had explained to them the financial situation of the Fund. At that time he had presented a verbal report on the activities of the Fund, had participated in several contact groups and, together with civil society organizations, participated in several side-events in the margins of the meetings. He had also participated in the first meeting of the Standing Committee of the UNFCCC, held in Bangkok, Thailand, from 6 to 8 September 2012, and in the second meeting of the Board of the Green Climate Fund (GCF) held in Songdo, Republic of Korea, from 18 to 20 October 2012. In closing he thanked the Government of Sweden for its recent donation of SEK 100 million and the Brussels Capital Region of Belgium for its pledge of EUR 1.2 million.

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

Agenda item 4: Report on the activities of the secretariat

21. The Manager of the secretariat reported on its activities during the intersessional period (AFB/B.19/3). Twenty intersessional decisions had been taken by the Board and a learning mission to Ecuador had been undertaken by a member of the secretariat who had used funds made available through the World Bank's training budget to visit the country and produce a report (AFB/EFC.10/Inf.2). The agreement with the United Nations Foundation was operational and participating delegates at COP 18 and CMP 8 had started a fundraising campaign using the facility. In fulfillment of Decision B.18/30 the secretariat had informed the Implementing Entities (IEs) and the Designated Authorities (DAs) of the separation to be maintained between executing and implementing services and had requested the Implementing Entities to look at their projects and programmes and provide information on how they were being implemented. The response of the United Nations Development Programme (UNDP), attached as an annex to the report of the secretariat (AFB/B.19/3, Annex I), was that UNDP had been revising its cost recovery policy, which was now in line with that of the Board. The response of the World Food Programme (WFP) had been received as well, and WFP had stated that as a rule, no part of Adaptation Fund-supported WFP projects funded WFP staff or

execution, and that this was true for the projects in Egypt and Mauritania. However, with respect to WFP's Adaptation Fund project in Ecuador, the project proposal had explicitly requested limited support for WFP execution, and there had been a specific request from the Ministry of Environment for each disbursement that WFP had made as executing entity. WFP indicated that it would continue to attain such written requests for its planned execution activities within the Ecuador project. In the case of the United Nations Environment Programme (UNEP), the secretariat had not received any similar report, nor had it received confirmation that any of the three approved UNEP projects had started.

22. With respect to knowledge management, the Board was informed that the secretariat had prepared knowledge sharing guidelines for the Implementing Entities and that they would be discussed by the Board under "Communications and Outreach" (agenda item 10). To support the work of the Accreditation Panel the secretariat, following intersessional decision B.18-19/15, had hired two new experts, bringing the total number of experts to four. Ms. Dima Shocair Reda had also been hired to replace the outgoing accreditation officer and Mr. Daniel Gallagher had been hired as a junior professional associate to assist the secretariat.

23. The Board took note of the report by the Manager of the Adaptation Fund Board secretariat.

Agenda item 5: Report of the eleventh meeting of the Accreditation Panel

24. The Chair of the Panel, Ms. Angela Churie-Kallhauge (Sweden, Western European and Others Group) introduced the report of the Panel's 11th meeting, which is more fully described in document AFB/B.19/4.

25. The Panel had held its 11th meeting at the secretariat's offices in Washington, D.C., from 24 to 25 September 2012. Three new applications had been considered (NIE038, NIE042 and RIE006) and the Panel had continued to review the applications of another three RIEs, eight NIEs and one MIE which had previously been reviewed. By the 19th Board meeting the Panel had concluded the review of three applications. Two NIEs, the Agence pour le Développement Agricole (ADA) (Morocco) and the Fundecooperación para el desarrollo sostenible (Costa Rica) had been approved in intersessional Decisions B.18-19/19 and B.18-19/20. Following a field visit to Chile, the Panel was recommending a third, the Agencia de Cooperación Internacional de Chile (AGCI) (Chile), for approval at the present meeting. Eleven applications were still under review and would be discussed at the 12th meeting of the Panel on 12-13 February 2013.

26. The Panel Chair also reminded the Board that at its 18th meeting it had approved budgetary provisions for up to six field visits during the fiscal year 2012 – 2103, and requested the Board to authorize the Panel to decide on additional field visits should resources be available. Three field visits had taken place during the current year to Chile, Morocco, and one applicant (NIE 042) still under review. Another applicant (MIE011) had been reluctant to provide confidential documents to the Panel, and had consulted with its lawyers about the possibility of having an expert member visit, at the expense of the applicant, to examine that confidential information in person.

27. In response to a question as to whether other applicants had previously refused to release information, the Chair of the Panel explained that a similar situation had occurred before but in that case the reviewer had been able to use other means to access the required

information. The present applicant said that there were legal reasons why the documentation could not leave its offices but had agreed that it would be possible for a member of the Accreditation Panel to consult the documents on site.

28. The Panel Chair informed the Board that a memorandum on direct access was available on the website of the Fund. She also informed the Board that the Panel had found that the process of accreditation had acted as a trigger for building internal capacity, and that one applicant had indicated that it had undergone a process of internal restructuring during the accreditation process. All applicants had sought ways to address the issues of fraud and corruption to comply with the fiduciary standards and the associated capacity-building had been an additional benefit that had been instituted by the accreditation process.

29. While it was pointed out that there was still a need to make sure that the NIEs actually submitted projects, the Panel was also commended for its work. The Fund had indirectly strengthened the capacity of institutions, achieving, in a cost effective manner, much more than could have been accomplished through traditional capacity building workshops. The projects would come; what needed to be recognized was that capacity could be built in an innovative way and that the Fund had created a positive incentive for countries to achieve that national capacity.

30. The Chair of the Board then closed the meeting so that the Chair of the Panel could provide additional details on the applications under consideration. Those members and alternates with a conflict of interest also left the room. Following the closed session the Chair of the Accreditation Panel presented the two recommendations of the Panel for adoption by the Board.

Accreditation of Agencia de Cooperación Internacional of Chile

31. Having considered the recommendations of the Accreditation Panel as contained in document AFB/B.19/4, paragraph 45, and the conclusions contained in Annex III of the document, and after considering the conclusions and outcome of the review and field visit, the Board decided to accredit Agencia de Cooperación Internacional, AGCI as the national implementing entity (NIE) for Chile.

(Decision B.19/2)

Field visits to Multilateral Implementing Entities (MIEs) and Regional Implementing Entities (RIEs)

32. Having considered the recommendations of the Accreditation Panel, as contained in document AFB/B.19/4, paragraph 46, the Adaptation Fund Board decided that in cases where a field visit to an MIE or RIE is necessary to determine whether that entity should be recommended for accreditation, to request the MIE or RIE to pay the costs associated with such a visit.

(Decision B.19/3)

Agenda item 6: Report of the tenth meeting of the Project and Programme Review Committee (PPRC)

33. The Chair of the Project and Programme Review Committee (PPRC), Mr. Jeffery Spooner (Jamaica, Latin American and Caribbean countries) introduced document AFB/PPRC.10/17, which contained the tenth report of the PPRC. In his presentation he said that the Committee had made good progress during the current year and had recommended a total of 14 fully developed proposals for approval and eight concepts for endorsement. The Chair said that at its present meeting the PPRC had considered 11 project proposals, making positive recommendations on six fully-developed proposals. He also said that the Committee had been impressed by the high quality of work by the secretariat. A summary of the PPRC funding recommendations is presented in **Annex III** to the present report.

34. He also said that the PPRC had considered several other matters in addition to the items on its provisional agenda. The challenges being faced by NIEs had been discussed as had the use of languages in the documentation being submitted to the secretariat. The secretariat had also asked for guidance on what would constitute exceptional circumstances within the meaning of Decision B.18/30 and which would allow an Implementing Entity to provide execution services.

35. Following the adoption of the recommendations of the PPRC it was suggested that a strategic discussion was needed on the effect of the 50 percent cap on the funding of projects and programmes being submitted by MIEs. While the MIEs were aware of the cap they had continued to submit proposals knowing that approval of their submitted proposals would result in the cap being reached. That put the Board in a difficult position as it did not want to refuse, simply on the basis of the limitations imposed by the cap, those projects or programmes that merited funding. The Board Chair reminded the Board that there was an item on the agenda for a strategic discussion by the Board and said that those issues could be raised at that point.

Option for the engagement of the scientific community

36. The Chair of the PPRC said that the Committee had considered several options for engaging the scientific community (AFB/PPRC.10/3). However, although the engagement of the scientific community could help with the review of projects/programmes, and enhance the integrity of the Fund, the PPRC was of the view that it was important to focus on other pressing issues. Given the current financial constraints it was not the time to add other administrative bodies to the Board.

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

- (a) Note with appreciation the report of the secretariat contained in document AFB/PPRC.10/3;
- (b) Bear in mind the current resource constraints on the Fund when considering the options for the engagement of the scientific community in providing inputs on technical issues; and

- (c) Ask the Project and Programme Review Committee to reconsider the options presented in document AFB/PPRC.10/3 at a later stage.

(Decision B.19/4)

Issues identified during the screening/technical review process

38. The Chair of the PPRC said that no particular issues had been identified during the screening/technical review process.

Prioritization of projects in the pipeline: submission dates

39. The Chair of the PPRC informed the Board that the secretariat had presented several options for the definition of the “submission date” criteria for the projects/programmes pipeline, and that the PPRC had also considered the prioritization of the projects within the pipeline.

40. The Chair said that the Board should simply note the recommendation of the PPRC for those project/programmes that the Board would place in the pipeline.

41. Having considered the comments and recommendations of the Projects and Programme Review Committee, the Adaptation Fund Board decided to define the submission date referred to in paragraph (b) of Decision B.17/19 as the date of the submission of the fully-developed project/programme document to the particular meeting in which it was recommended for approval by the Project and Programme Review Committee.

(Decision B.19/5)

Proposals from National Implementing Entities

Jordan: Increasing the resilience of poor and vulnerable communities to climate change impacts in Jordan (Programme concept; MOPIC; JOR/NIE/Multi/2012/1; US \$9,969,975)

42. The Chair of the PPRC introduced the programme concept, which sought to increase resilience of poor and vulnerable communities to climate change-related risks of water shortage, food insecurity, and energy-related issues.

43. In response to a question as to why the NIE was being asked to transmit the comments of the Board to the Government of Jordan and whether it was for the Government of Jordan to revise the proposal, the Chair of the PPRC explained that it was for the NIE to revise the proposal but it also had to keep the government, represented by the Designated Authority, informed and bring the comments to its attention.

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

- (a) Not endorse the programme concept, as supplemented by the clarification response provided by the Ministry of Planning and International Cooperation of Jordan (MOPIC) to the request made by the technical review;
- (b) Suggest that MOPIC reformulate the proposal taking into account the observations in the review sheet annexed to the notification of the Board’s decision, as well as the following:

- i. The revised proposal should explain how the sectors have been selected and activities designed in the context of the adaptation priorities of the country (while also referring to relevant sector policies) and the scale of expected climate change impacts on those sectors, based on climate change scenarios;
 - ii. The revised proposal should considerably strengthen its approach by focusing either on a specific sector or pursuing an integrated approach within a defined geographical context where affected populations are likely to benefit directly from increased adaptive capacity and resilience, and by reassessing the climate change reasoning as opposed to business-as-usual development targets. Cost-effectiveness of the programme should be explained in light of the improved coherence of its design;
 - iii. The proponent should ensure that relevant stakeholders at the government level, and a representative sample of local level stakeholders, including ultimate beneficiaries, are consulted specifically for the purposes of the design of this proposed programme before the revised proposal is formulated, and the revised proposal should reflect the inputs provided during such consultation;
 - iv. The revised proposal should elaborate on the economic, social and environmental benefits of the programme based on the strengthened approach, and identify the specific national technical standards that would be applicable for the programme, and state compliance;
 - v. The revised proposal should specify how it would avoid overlap and ensure complementarity with other initiatives in terms of specific programme content and coordination, and strengthen the way in which the programme would manage information and knowledge in a systematic and efficient way;
 - vi. The revised proposal should explain the sustainability of the proposed programme in a more comprehensive way including, inter alia, how the programme outputs would feed into the formal policy/institutional framework of resource management in the face of climate change, and how the programme would promote integrated management and allow for replication and scaling up outside of the scope of the programme. Similarly, explanation of maintenance of processes and outputs developed by the programme, after its end, should be provided;
- (c) Not to approve the Project Formulation Grant of US \$30,000; and
- (d) Request MOPIC to transmit the observations referred to in paragraph (b) above to the Government of Jordan on the understanding that a revised concept might be submitted at a later date.

(Decision B.19/6)

Proposals from Regional Implementing Entities

Niger: Enhancing Resilience of Agriculture to Climate Change to Support Food Security in Niger, through Modern Irrigation Techniques (Project Concept; BOAD; NER/RIE/Food/2012/1; US \$9,911,000)

45. The Chair of the PPRC introduced the project concept, which sought to enhance resilience of agriculture to climate change to support food security in Niger, through promotion of modern irrigation techniques.

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

- (a) Endorse the project concept, as supplemented by the clarification response provided by the Banque Ouest Africaine de Développement (BOAD) to the request made by the technical review;
- (b) Request the secretariat to transmit to BOAD the observations in the review sheet annexed to the notification of the Board's decision, as well as the following observations:
 - i. A clear mapping of project interventions and targeted beneficiaries should be established, showing the complementarities, synergies and lack of duplication between this and other interventions. Clear mechanisms of coordination should be outlined and lessons drawn from past projects and programmes should be taken into account in the design of the activities in the full proposal;
 - ii. The partner micro-credit institution(s) will have to be identified in the full proposal and a clear plan for providing micro-credit to the target beneficiaries should be developed. Also, the rationale for the implementation of this activity should be provided and the design of such activity should build on the experience from previous or current microcredit schemes;
 - iii. The removal or mitigation of the different barriers and risks to the use of solar power systems as a source of energy for the irrigation systems should be demonstrated, taking into account current and previous attempts to promote such systems;
 - iv. Detailed information on the stakeholders who have been consulted (inter alia ministries, NGOs, local governments, extension services, private sector, donors) should be provided and a stakeholder involvement plan should be presented
- (c) Request BOAD to transmit the observations in paragraph (b) above to the Government of Niger; and
- (d) Encourage the Government of Niger to submit through BOAD a fully-developed project proposal that would address the observations in paragraph (b) above.

(Decision B.19/7)

Togo: Promoting the Sustainable Management of Forest Ecosystems to Improve their Climate Resilience (Project concept; BOAD; TOG/RIE/EBA/2011/1; US \$9,873,000)

47. The Chair of the PPRC introduced the project concept, which sought to ensure sustainable forest management and rehabilitation of degraded forest lands as adaptation options against deforestation.

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

- (a) Not endorse the project concept, as supplemented by the clarification response provided by the Banque Ouest Africaine de Développement (BOAD) to the request made by the technical review;
- (b) Suggest that BOAD reformulates the proposal taking into account the observations in the review sheet annexed to the notification of the Board's decision, as well as the following issues:
- i. The proposal should clarify how activities will be carried out in a harmonized and coordinated way in natural forests under private and/or community ownership, including which preliminary arrangements will be put in place with land owners;
 - ii. The proposal should clearly define which species, local or exotic, will be planted in the reforested areas and explain their ecological and economic values;
 - iii. The proposal should explain how an effective management of forests and lands can be ensured with the plans developed under outcome 2.1, which are limited to the management of human-induced and wildfire. The scope of the proposed management plan should be described;
 - iv. The budget under Component 2 seems high and therefore should be revised and the scope of the interventions defined in order to better assess their costs. In the same line, the budget allocated to outcome 3.1. seems to be low to achieve the expected results on the ground;
 - v. The proposal should explain the partnerships that will be developed on the ground and expected capacities to be built by local stakeholders;
 - vi. The proposal should clarify if project activities, or baseline activities, will include creating the enabling environment for access to credit, such as micro finance or bank loans, to be able to sustain the activities at the end of the project. More generally, the proposal should elaborate on how the sustainability of the project results will be achieved; and
- (c) Request BOAD to transmit the observations in paragraph (b) above to the Government of Togo, on the understanding that a revised concept might be submitted at a later date.

(Decision B.19/8)

Proposals from Multilateral Implementing Entities

Argentina: Increasing Climate Resilience and Enhancing Sustainable Land Management in the Southwest of Buenos Aires Province (Fully-developed project document) (World Bank) (ARG/MIE/Rural/2011/1, US \$4,296,817)

49. The Chair of the PPRC introduced the fully-developed project, the objective of which was to help reduce the climate and human induced vulnerability of the agro-ecosystems in the Southwest of the Buenos Aires Province by increasing the adaptive capacity of key local institutions and actors, and by piloting climate resilient and sustainable land-management practices.

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

- (a) Approve the project document;
- (b) Approve the funding of US \$4,296,817 for the implementation of the project, as requested by the World Bank; and
- (c) Request the secretariat to draft an agreement with the World Bank as the Multilateral Implementing Entity for this project.

(Decision B.19/9)

Cuba: Reduction of vulnerability to coastal flooding through ecosystem-based adaptation in the south of Artemisa and Mayabeque provinces (Fully-developed project document; UNDP; CUB/MIE/Coastal/2012/1; US \$6,067,320)

51. The Chair of the PPRC introduced the fully-developed project, which sought to reduce the vulnerability of communities in coastal areas of Artemisa and Mayabeque provinces in southern Cuba from climate change related phenomena including coastal erosion, flooding and saltwater intrusion.

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

- (a) Note the recommendation that the Adaptation Fund Board:
 - i. Approve, subject to the availability of funds, the project document, as supplemented by the clarification response provided by the United Nations Development Programme (UNDP) to the request made by the technical review;
 - ii. Approve the funding of US \$6,067,320 for the implementation of the project, as requested by UNDP; and
 - iii. Request the secretariat to draft an agreement with UNDP as the Multilateral Implementing Entity for the project; and

- (b) Note that the project had been placed in the project/programme pipeline pursuant to Decision B.19/18.

(Decision B.19/10)

Ghana: Increased Resilience to Climate Change in Northern Ghana through the Management of Water Resources and Diversification of Livelihoods (Fully-developed project document) (UNDP) (GHA/MIE/Water/2012/1; US \$8,293,972)

53. The Chair of the PPRC introduced the fully-developed project, which aimed to enhance the resilience and adaptive capacity of rural livelihoods to climate impacts and risks on water resources in the northern regions of Ghana.

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

- (a) Not approve the project document, as supplemented by the clarification response provided by the United Nations Development Programme (UNDP) to the request made by the technical review;
- (b) Suggest that UNDP reformulates the proposal taking into account the observations in the review sheet annexed to the notification of the Board's decision, as well as the following:
 - i. The enhancement of the network of district agricultural extension workers is key to the delivery of project activities, but an understanding of the baseline of existing arrangements for extension services is not demonstrated. The proposal should demonstrate how often extension workers currently visit the target communities, the nature of their interaction with community members and the existing capacity levels. The proposed enhancement must be shown to be appropriate to the local context and build on existing capacities;
 - ii. The proposal should decide on a specific fund flow modality for the proposed delivery mechanisms of community-based activities. To avoid complexity in execution it is highly recommended to settle on one type of fund delivery modality for the project, and develop a specific fund flow arrangement, instead of three; and
- (c) Request UNDP to transmit the observations referred to in paragraph (b) above to the Government of Ghana.

(Decision B.19/11)

Guatemala: Climate change resilient production landscapes and socio-economic networks advanced in Guatemala (Fully-developed programme document; UNDP; GTM/MIE/Rural/2010/1; US \$5,425,000)

55. The Chair of the PPRC introduced the fully-developed programme, which sought to increase the resilience of production landscapes and socio-economic systems to the effects of climate change in target municipalities in Suchitepéquez and Sololá.

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

- (a) Note the recommendation that the Adaptation Fund Board:
 - i. Approve the programme document, as supplemented by the clarification response provided by the United Nations Development Programme (UNDP) to the request made by the technical review;
 - ii. Approve, subject to the availability of funds, the funding of US \$5,425,000 for the implementation of the programme, as requested by UNDP;
 - iii. Request the secretariat to draft an agreement with UNDP as the Multilateral Implementing Entity for this programme; and
- (b) Note that the programme had been placed in the project/programme pipeline pursuant to Decision B.19/18.

(Decision B.19/12)

Mauritania: Reducing Mauritanian Fishermen's Risk at Sea - Enhancing Resilience of Mauritanian Coastal Communities to Adapt to Climate Change (Fully-developed project document) (WMO) (MTN/MIE/Coastal/2011/1; US \$2,159,980)

57. The Chair of the PPRC introduced the fully-developed project, which sought to strengthen the resilience of Mauritania's coastal community to climate hazards, by enhancing early warning service delivery to small-scale fishermen and coastal communities, building the capacity of the National Meteorological Office (ONM) to establish a modern data management center and produce reliable meteorological information, and improving the quality and availability of weather information for fishermen.

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

- (a) Not approve the project document, as supplemented by the clarification response provided by the World Meteorological Organization (WMO) to the request made by the technical review;
- (b) Suggest that WMO reformulates the proposal taking into account the observations in the review sheet annexed to the notification of the Board's decision, as well as the following:
 - i. The revised proposal must clearly demonstrate the observed or projected climate impacts which are being addressed by the proposed measures, and how such measures intend to build the adaptive capacity of vulnerable coastal communities to these stated impacts;
 - ii. The revised proposal should discuss environmental impacts that are being experienced by the proposed beneficiaries and the extent to which the proposed adaptation interventions are designed to maximise positive environmental benefits;
 - iii. The revised proposal should be designed around the priority adaptation needs of community members based on broad consultations including appraisal of alternative options;
 - iv. The revised proposal should demonstrate how the introduction of small-scale technical equipment in a harsh marine environment could be a long-term sustainable solution;
 - v. The revised proposal should include a disbursement schedule with no discrepancies; and
- (c) Request WMO to transmit the observations referred to in paragraph (b) above to the Government of Mauritania.

(Decision B.19/13)

Myanmar: Addressing Climate Change Risks on Water and Food Security in the Dry Zone of Myanmar (Fully-developed project document) (UNDP) (MMR/MIE/Rural/2011/1; US \$7,909,026)

59. The Chair of the PPRC introduced the fully-developed project, which sought to reduce the vulnerability of farmers in Myanmar's Dry Zone to increasing drought and rainfall variability, and enhance the capacity of farmers to plan for and respond to future impacts of climate change on food security. The proposal attempts to engage local communities in project implementation to a large extent and also empower them in decision making and planning.

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

- (a) Note the recommendation that the Adaptation Fund Board;
 - i. Approve the project document, as supplemented by the clarification response provided by the United Nations Development Programme (UNDP) to the request made by the technical review;
 - ii. Approve, subject to the availability of funds, the funding of US \$7,909,026 for the implementation of the project, as requested by UNDP;
 - iii. Request the secretariat to draft an agreement with UNDP as the Multilateral Implementing Entity for this project; and
- (b) Note that the project had been placed in the project/programme pipeline pursuant to Decision B.19/18.

(Decision B.19/14)

Seychelles: Ecosystem-based Adaptation to Climate Change in Seychelles (Fully-developed project document) (UNDP) (SYC/MIE/Multi/2011/1; US \$6,455,750)

61. The Chair of the PPRC introduced the fully-developed project, which sought to address two major climate change vulnerabilities in the country: water scarcity and coastal flooding. To do so, the project intends to take ecosystem based measures of restoring or maintaining key ecosystem services in the coastal and hinterland of the main granitic islands of Seychelles.

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

- (a) Note the recommendation that the Adaptation Fund Board:
 - i. Approve the project document, as supplemented by the clarification response provided by the United Nations Development Programme (UNDP) to the request made by the technical review;
 - ii. Approve, subject to the availability of funds, the funding of US \$6,455,750 for the implementation of the project, as requested by UNDP;
 - iii. Request the secretariat to draft an agreement with UNDP as the Multilateral Implementing Entity for this project; and
- (b) Note that the project had been placed in the project/programme pipeline pursuant to Decision B.19/18.

(Decision B.19/15)

Sri Lanka: Addressing Climate Change Impacts on Marginalized Agricultural Communities Living in the Mahaweli River Basin of Sri Lanka (Fully-developed project document) (WFP) (LKA/MIE/Rural/2011/1; US \$7,989,727)

63. The Chair of the PPRC introduced the fully-developed project, which sought to secure community livelihoods and food security against climate change-induced rainfall variability that is leading to longer droughts and more intense rainfall.

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

- (a) Approve the project document, as supplemented by the clarification response provided by the World Food Programme (WFP) to the request made by the technical review;
- (b) Approve the funding of US \$7,989,727 for the implementation of the project, as requested by WFP; and
- (c) Request the secretariat to draft an agreement with WFP as the Multilateral Implementing Entity for this project.

(Decision B.19/16)

Uzbekistan: Developing climate resilience of farming communities in the drought prone parts of Uzbekistan (Fully-developed project document) (UNDP) (UZB/MIE/Agri/2012/1; US \$5,512,909)

65. The Chair of the PPRC introduced the fully-developed project, which sought to develop climate resilience of farming and pastoral communities in the drought prone parts of Uzbekistan, specifically Karakalpakstan. That would be achieved through establishing climate resilient farming practices on subsistence dekhkan farms, improving climate resilience through landscape level adaptation measures for soil conservation and moisture retention, and generating and making widely available knowledge of climate resilient agricultural and pastoral production systems in arid lands.

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

- (a) Not approve the project document, as supplemented by the clarification response provided by the United Nations Development Programme (UNDP) to the request made by the technical review;
- (b) Suggest that UNDP reformulates the proposal taking into account the observations in the review sheet annexed to the notification of the Board's decision, as well as the following:
 - i. The revised proposal should clarify the calculation of the services to be provided by UNDP for execution of the project;
 - ii. The revised proposal should provide a full, definite list of such services and costs, and not include wording that would defer definition of such services until project implementation; and

- (c) Request UNDP to transmit the observations referred to in paragraph (b) above to the Government of Uzbekistan.

(Decision B.19/17)

Prioritization of Projects in the Pipeline

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

- (a) Note the recommendation of the Project and Programme Review Committee to approve the following projects/programmes:
- i. Guatemala (GTM/MIE/Rural/2010/1);
 - ii. Cuba (CUB/MIE/Coastal/2012/1/);
 - iii. Seychelles (SYC/MIE/Multi/2011/1);
 - iv. Myanmar (MMR/MIE/Rural/2011/1);
- (b) Place in the pipeline the project/programmes listed in paragraph (a) above;
- (c) Consider the projects/programmes in the pipeline for approval at a future Board meeting, or intersessionally, in the order of rank in which they are listed in paragraph (a) above, and subject to the availability of funds; and
- (d) Request the secretariat to continue to explore innovative ways through which the Board can address funding constraints and the implications of paragraph (b) of Decision B.18/28.

(Decision B.19/18)

Challenges being faced by National Implementing Entities (NIEs)

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

- (a) Invite donors to support National Implementing Entities (NIEs) in the design and submission of quality project/programme proposals by financing one information session, to be planned and held by the Adaptation Fund Board secretariat, with a specific focus on the Adaptation Fund procedures relating to the project cycle and review criteria; and
- (b) Request that the secretariat prepare a letter for circulation to MIEs asking them to both help support the creation of NIEs and help NIEs to develop projects and programmes for submission to the Board within their existing work programmes.

(Decision B.19/19)

Application of Decision B.18/30 in the consideration of what would constitute an exceptional circumstance that may permit the provision of execution services by Implementing Entities

69. Having considered the recommendation of the Project and Programme Review Committee, the Adaptation Fund Board decided to:

- (a) Reiterate that pursuant to Decision B.18/30 execution services should only be undertaken by Implementing Entities in exceptional circumstances; and
- (b) Request the Project and Programme Review Committee to evaluate whether circumstances should be considered exceptional on a case-by-case basis.

(Decision B.19/20)

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

Agenda item 7: Report of the tenth meeting of the Ethics and Finance Committee (EFC)

70. As the Chair of the Ethics and Finance Committee (EFC), Mr. Yutaka Matsuzawa (Japan, Annex I Parties), had been unable to attend either the 10th EFC meeting or the 19th Board meeting, the Vice-Chair of the EFC, Ms. Medea Inashvili (Georgia, Eastern Europe) gave a report on the 10th meeting of the EFC. Among the key issues discussed were the investigative procedure; the annual performance report; the report on delays in Eritrea project start-up; the revised standard legal agreement; implementation of the code of conduct; financial issues, including reconciliation of the administrative budgets of the Board and secretariat, and the trustee for the fiscal year 2013 and CER monetization; and finally, a letter from the World Bank Controller to the Board Chair regarding trustee services to the Adaptation Fund.

Investigative procedure

71. The Board at its 16th meeting had considered document AFB/EFC.7/5 on how to trigger a review or an investigation, including procedures to address cases of financial mismanagement. Following consideration of the document above, and following the recommendation of the EFC, the Board decided to request that the secretariat present a proposed investigative procedure for consideration by the EFC at its next meeting. That proposal needed to include the cost implications of implementing the proposed procedure and take into account any possible conflicts of interest. The Board at its 17th and 18th meetings considered the proposal prepared by the secretariat. At its 18th meeting the Board decided to request comments from Board members. It had also requested the secretariat to present a revised version of the document and develop terms of reference for the investigative consultants for consideration by the EFC at its 10th meeting. The secretariat had produced the requested documents (AFB/EFC.10/3, and Add.1) in consultation with the Integrity Vice-Presidency of the World Bank, and while keeping the former World Bank legal counsel to the secretariat informed. The new World Bank legal counsel to the secretariat had reviewed the document and conferred with the Bank's management. During the EFC meeting, the new World Bank legal counsel advising the secretariat made an intervention by Skype on the issues of concern for the World Bank related to the investigative procedure. She conveyed to the Board that an investigative function was not consistent with the function of the secretariat as had been established and agreed with the Bank. As options she suggested the approval of general principles and guidelines for an investigation and an amendment of the standard legal agreement so that an implementing entity without an investigative arm of its own would be obliged to hire an investigator to carry out that function on a case-by-case basis. In response to the idea that

implementing entities would hire the investigators, Board members raised concerns about potential conflicts of interest should an implementing entity be the subject of an investigation.

72. The Board was informed that one EFC member had suggested that the Board consider hiring its own legal advisor. The member also invited the World Bank legal counsel advising the secretariat to present other options to implement investigations. Another member of the committee had also suggested taking into account the Board's legal capacity in Germany when presenting any options.

73. Having considered the comments and recommendations of the Ethics and Finance Committee (EFC), the Adaptation Fund Board decided to request the secretariat to present to the EFC, at its 11th meeting, a proposal by the World Bank legal counsel to the secretariat on options for implementing an Investigative Procedure. The options should:

- (a) Take into account the Board's legal status in Germany;
- (b) Provide an option for the Board to contract its own legal advisor; and
- (c) Specify cost implications for the different options.

(Decision B.19/21)

Annual Performance Report

74. The Vice-Chair of the EFC introduced the annual performance report covering 1 July 2011 to 30 June 2012. She noted that the secretariat had suggested tracking the involvement of civil society organizations (CSOs) in project execution. The EFC had taken note and requested the secretariat to provide further options for tracking CSO engagement.

75. Having considered the recommendation of the Ethics and Finance Committee, the Adaptation Fund Board decided to:

- (a) Approve:
 - i. The Adaptation Fund's Annual Performance Report (APR) for fiscal year (FY) 2012 contained in document AFB/EFC.10/4;
 - ii. The addition of targets for selected indicators under the management efficiency and effectiveness matrix; and
 - iii. The removal of the descriptive indicators from the management effectiveness and efficiency matrix and inclusion of these indicators as part of the report's portfolio overview;
- (b) Request that the secretariat:
 - i. Explore options for tracking civil society organizations' (CSO) engagement external to project implementation and present a proposal at the 12th EFC meeting;

- ii. Provide at the 11th EFC meeting an analysis of project delays and in the future include an analysis on any delays as a section in the APR referred to in paragraph (a)(i) above;
- iii. Include in the next APR a timeline of project start dates, proposed mid-terms, and proposed completion dates;
- iv. Include an analysis in the next APR on the types of organizations that are executing projects and make any necessary modifications to the Fund's reporting template (the Project Performance Review) to allow the secretariat to collect such information.

(Decision B.19/22)

Report on delays in Eritrea project start-up

76. At its 18th meeting the Board considered delays in the startup of the project "Climate change adaptation programme in water and agriculture in Anseba region in Eritrea" and responded with Decision B.18/38. UNDP communicated informally to the secretariat in late October 2012 that the project in Eritrea was about to start. On November 12, 2012, UNDP submitted the inception report, which has been posted on the Adaptation Fund website. According to the report the inception workshop took place on 6 November 2012.

77. Having considered the recommendation of the Ethics and Finance Committee, the Adaptation Fund Board decided to take note of the project start-up in Eritrea.

(Decision B.19/23)

Revised standard legal agreement

78. At its 18th meeting the Board had considered the disbursement requests of second tranches by implementing entities and decided, in Decision B18/39(b), to request the secretariat to present a revised version of the standard legal agreement that would align the approval of the annual performance reports with the disbursement of tranches as per Decision B.16/21. The secretariat, in consultation with the World Bank legal counsel to the secretariat, prepared the revised legal agreement contained in document AFB/EFC.10/6 for consideration by the EFC.

79. The Vice-Chair reported that the EFC had reviewed revisions to the standard legal agreement and made some small additional changes. All revisions can be found in paragraphs 2.02 and 7.01(a-e) in **Annex IV** to the present report.

80. Having considered the recommendation of the Ethics and Finance Committee, the Adaptation Fund Board decided to approve the revised standard legal agreement. The revised standard legal agreement, as orally amended at the meeting, is contained in **Annex IV** to the present report.

(Decision B.19/24)

Implementation of the code of conduct

81. The Vice-Chair noted that the EFC had made some clarifying revisions to the code of conduct.

82. Having considered the comments and recommendations of the Ethics and Finance Committee, the Adaptation Fund Board decided to adopt the amendments to the code of conduct and to circulate the amended code of conduct before each meeting. The code of conduct, as amended, is contained in **Annex V** to the present report.

(Decision B.19/25)

Financial issues

Reconciliation of the administrative budgets of the Board and secretariat, and the trustee for fiscal year 2013

83. The Vice-Chair reported that the secretariat and the trustee had presented their reconciled budgets for fiscal year 2012. The EFC had then discussed cost-cutting options in light of the Fund's fiscal constraints. Simultaneous interpretation at Board meetings was identified as one budget component that the Board could consider for cost savings, as was reducing the number and duration of Board meetings. The Vice-Chair emphasized that the EFC had considered only those cost reductions that it believed would not compromise the work of the Board.

84. In answer to a question by a Board member, the Board Chair said that in accordance with the rules of procedure, a request by a single member of the Board for simultaneous interpretation during meetings would be sufficient to ensure provision of that service. Discussion of the issue was continued under agenda item 16 "Other Matters."

85. Having considered the comments and recommendations of the Ethics and Finance Committee, the Adaptation Fund Board decided to request:

- (a) Board members and alternates to communicate to the secretariat no later than two months before a Board meeting any request for simultaneous interpretation into a United Nations language; and
- (b) The secretariat to present a document at the 20th Board meeting that estimates the workflow for fiscal year 2014 with a view to identify potential cost reductions.

(Decision B.19/26)

CER monetization

86. The Vice-Chair of the EFC said that the trustee had presented a summary of CER monetization activities and current market conditions, also contained in AFB/EFC.10/7, and its strategy for CER sales through March 2013. The trustee also reported on the experience with CER sales to national governments, noting that there had been no interest from national governments to purchase CERs on the terms established by the Board (industrial gas only, at a premium price).

87. One Board member requested clarification on the Board's decision to limit CER sales to those derived from industrial gas, and asked how long the trustee would refrain from selling other CERs. The trustee responded that there should be sufficient industrial gas CERs to maintain the current pace of CER monetization until the next Board meeting at which point the trustee would request further guidance from the Board. Discussion of the issue was continued under agenda item 11 'Financial issues', (see paragraph 110 below)

88. Having considered the recommendation of the Ethics and Finance Committee, the Adaptation Fund Board decided to:

- (a) Approve, following the closure of the BlueNext carbon exchange, the use of up to EUR 250,000 from the resources of the Adaptation Fund Trust Fund as a reimbursable deposit to be provided to the clearing agent chosen for monetization activities;
- (b) Request the trustee to:
 - i. Review the implications of the CMP decision to augment the Adaptation Fund through a two percent share of the proceeds levied on the first international transfers of assigned amount units (AAUs) and the issuance of emission reduction units (ERUs) for Kyoto Protocol Article 6 projects immediately upon the conversion to ERUs of AAUs or RMUs previously held by Parties, for consideration at the 20th meeting of the Board;
 - ii. Refrain from selling green and large hydro CERs and continue prioritizing sales of CERs from industrial gas, barring improvements in market conditions; and
 - iii. Identify and apply the threshold below which the transaction costs of selling CERs exceed the proceeds.

(Decision B.19/27)

Letter from World Bank controller to the Board Chair regarding trustee services to the Adaptation Fund

89. The Vice-Chair of the EFC summarized the letter, which stated the World Bank's commitment to combating the financing of terrorists, attached as **Annex VI** to the present report. The letter relates to the transfer of funds made by those implementing entities, accredited by the Board, to the executing entities. The letter stated that the trustee's Anti-Money Laundering and Combating the Financing of Terrorism Program deals specifically with its internal operations and, as such, is not a substitute for any required due diligence pertaining to the ultimate beneficiaries of disbursements that the World Bank processes as Trustee for the Adaptation Fund. The letter also noted that the World Bank follows a protocol for fund transfers that includes screening to ensure that the transfers do not contravene any Resolution issued by the United Nations Security Council, and that the World Bank expected the Adaptation Fund to have effective controls in place as well. The World Bank legal counsel advising the secretariat had proposed including language in the Adaptation Fund legal agreements with implementing entities similar to that contained in the agreement with the UN Foundation. Some EFC members had expressed concerns over whether the suggested language adequately protects the Board from legal actions.

90. Having considered the comments and recommendations of EFC, the Adaptation Fund Board decided to request the secretariat to present to the EFC at its 11th meeting a document prepared by the World Bank legal counsel to the secretariat that includes the following:

- (a) Proposals for "effective mechanisms" the Board can implement to, as the letter states, "ensure that the follow-on use of funds does not contravene any Resolution issued by the United Nations Security Council or other sanctions regimes which may apply to your entity";

- (b) A risk analysis, that is both legal and practical, of the Fund's current project portfolio and measures that can be taken to mitigate any risks uncovered by the analysis; and
- (c) A review of how the Fund's fiduciary standards and accreditation process may be part of the due diligence undertaken by the Fund.

(Decision B.19/28)

The Board took note of the report by the Vice-Chair of the EFC.

Agenda item 8: Issues remaining from the 18th Board meeting

a) Strategic discussion on objectives and further steps of the Fund

91. The Manager of the Adaptation Fund Board secretariat presented a paper on the strategic prospects of the Adaptation Fund (AFB/B.19/5) which had been prepared pursuant to Decision B.18/43. She said that while the Fund had pioneered a number of innovative practices, it faced several challenges, including a sharp fall in CER prices and uncertainty about the Kyoto Protocol's future. It also had to take into account a number of issues such as the initial review of the Adaptation Fund, the emergence of the Green Climate Fund, the UNFCCC work programme on long-term finance, the establishment of the Standing Committee on Finance within the UNFCCC, whose scope the Adaptation Fund seemed to be outside, and the potential emergence of other market-based mechanisms for the generation of additional adaptation financing.

92. The Board needed to develop a shared vision on all issues for which it required a clear and formal position. It also needed to develop criteria and positions to support the Chair and the secretariat in their consultations with donors or with their engagement in the policy discussions needed to inform the negotiations under the UNFCCC. Its communication strategy also had to be enhanced so that it was consistent and coherent. Building a strategic vision required an understanding of how the Adaptation Fund fit within the emerging institutional architecture of the financial mechanism of the UNFCCC. The Board needed to consider how to upscale Adaptation Fund resources for adaptation, in order to respond to the increasing demands of developing countries, and the role of the Adaptation Fund in relation to the Green Climate Fund (GCF), as well as the appropriate institutional arrangements to ensure institutional coherence and synergy. Potential scenarios for consideration were: the status quo with enhanced interim arrangements, new institutional arrangements and operational linkages with the GCF, and institutional integration.

93. In its strategic discussion the Board was reminded that the primary strengths of the Adaptation Fund were its direct access modality; streamlined and efficient project cycle; results-based project implementation and disbursement; enhanced transparency; partnership with civil society, in particular direct engagement of civil society in project monitoring; and ability to accommodate innovative funding sources. It was suggested the Board should continue participating in climate finance-related meetings and fundraising efforts, and showcase the experience of the Adaptation Fund to donors, foundations, and other stakeholders. Communication should be improved by developing a consistent message on the primary strengths of the Fund. A training session could also be developed for the Board in conjunction with its regular meetings.

94. In the discussion that followed it was agreed that the Board needed to develop an action plan within the next 12 months. The establishment of a relationship with the GCF was discussed, as was the need to keep its activities, and those of the Pilot Programme on Climate Resilience (PPCR) under review. It was pointed out that the last report of the Clean Development Mechanism (CDM) had made no mention of the activities of the Adaptation Fund and it was suggested that the CDM be reminded of those activities. However, while it was important to consider synergies with other climate funds, it had to be remembered that their success with adaptation had only been modest. The purpose of the Fund, to implement concrete actions to adapt to climate change, had to be given priority. Only the Adaptation Fund had successfully implemented direct access so far. It was a strong brand which allowed countries to be directly involved in the design and implementation of actions addressing their adaptation needs, something that the MIEs had not yet achieved.

95. The Fund had to showcase successful projects. Adaptation had grown in importance and had been done successfully at the community level. A weak point of the Fund, however, was its limited ability to showcase successful experiences given that none of the projects had yet been completed. It was pointed out that work had been done on the concept of adaptation, and procedures had been developed by the Board. It was suggested that the Fund should work with research institutes to look at what could be done on adaptation at little cost. It could also work with institutions such as Conservation International (CI) and the World Wildlife Fund (WWF) with more extensive communications resources. The Fund could also look to build bridges with other environmental bodies around themes such as water management or the implementation of the Millennium Development Goals. One member suggested that the issue of co-financing could also be encouraged.

96. There was also a need for additional funding and a donor outreach strategy. While the financial mechanism of the Fund was unique, in that it did not rely on official development assistance (ODA), it was also hostage to the carbon markets. Funding came through a tax on emission reductions, and not on the emissions themselves, which was a policy that needed reconsideration by the COP/CMP. The “brand” of the Fund was good but more funds were required and there was a need to establish priorities for the next five to 10 years and reach the fundraising target of US \$100 million by the end of 2013 as established by the Board in Decision B.17/24.

97. The Chair reminded the Board that the mandate received from the CMP was to cover the full cost of adaptation. It was also suggested that it would be useful to publish the work done by the Adaptation Fund, such as the progress that had been made with the projects in Senegal and Uruguay. The need for the Board to have its own seat at the COP and CMP, a status held by the Green Climate Fund secretariat, was suggested, with many seeing the merit of this status. One member suggested approaching embassies in Washington to ensure that information about the Fund was sent to national governments through the proper channels. In addition to discussing a strategy for meeting at the COP and CMP it was also important to disseminate the lessons learned and strengthen communications. The development of a ministerial briefing paper was suggested. Regional workshops had been successful in promoting NIE accreditation and the Board might consider additional training sessions for project and programme design through the UNFCCC. A clear message had to be sent to NIEs to submit project proposals. It was also suggested that members of the Board should communicate with donors on the margins of the meetings of the COP and CMP.

98. The representative of the secretariat then summarized the action items that had come out of the discussion. They were: a ministerial brief with easy to read points about the

Adaptation Fund's strengths; establish a task force of Board members that works in conjunction with the secretariat on outreach, strategy, and other efforts to achieve the US \$100 million fundraising target; Board members, equipped with publicity materials, acting as champions of the Fund and the secretariat, as well as with talking points to put forward; finding a celebrity to act as an Ambassador of the Fund; increasing knowledge management; contributing to current networks and working on other ways to codify and disseminate the work of the Adaptation Fund; having Board members present for discussions with donors both at the COP and CMP, and at other venues/meetings; and the Board having its own seat at UNFCCC meetings, including adaptation committee. Other ideas included partnering with organizations that had strong branding or communication arms, meetings with embassy officials in Washington, D.C.; brainstorming to develop ideas on other avenues to increase the Adaptation Fund's profile; and showcasing direct-access project implementation.

99. Following a discussion, the Board decided to:

- (a) Establish a task force of Board members that works in conjunction with the secretariat on outreach, strategy, and other efforts to achieve the interim US \$100 million fundraising target by the end of 2013;
- (b) Appoint Ms. Ana Fornells de Frutos (Spain, Annex I Parties), Ms. Angela Churie-Kallhaug (Sweden, Western European and Others Group), Ms. Su-Lin Garbett-Shiels (United Kingdom, Annex I Parties), Mr. Jeffery Spooner (Jamaica, Latin America and Caribbean Countries), Mr. Mamadou Honadia (Burkina Faso, Least-Developed Countries), and Mr. Zaheer Fakir (South Africa, Africa) as members of the task force, in accordance with their expressions of interest;
- (c) Request the secretariat to update document AFB/B.19/5 with a synthesis of the discussions that had taken place during the 19th meeting of the Board on the strategic prospects for the Adaptation Fund for the consideration of the Board at its 20th meeting, to be used for the formulation of the Adaptation Fund strategy, taking into account the following:
 - i. Preparing a ministerial brief on the strengths of the Adaptation Fund;
 - ii. Enabling Board members to act as champions of the Adaptation Fund by preparing materials which they could circulate and use as talking points;
 - iii. Finding a spokesperson to act as an Ambassador for the Fund;
 - iv. Increasing Knowledge Management by contributing to current networks and by codifying and disseminating the work of the Adaptation Fund; and
 - v. Including the presence of Board members in discussions with donors on the margins of meetings.
- (d) Request the Chair to submit a formal request to the UNFCCC secretariat for the Board to have its own seat at meetings held by the United Nations Framework Convention on Climate Change, including those of its Conference of the Parties, the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, and the Adaptation Committee.

(Decision B.19/29)*b) Legal support to the Board: current arrangements and conflict of interest*

100. The Chair reminded the Board that the item had been placed on its agenda by the previous Chair, Ms. Ana Fornells de Frutos (Spain, Annex I Parties), and he invited her to introduce the item. Ms. Fornells de Frutos said that the issue had been discussed in the EFC, which had recommended that the Board consider the possibility of legal advisor who would be independent of the World Bank. She said that the EFC would consider a paper, prepared by the World Bank legal counsel and presented by the secretariat, at its 11th meeting on options for the implementation of an investigative procedure which would also provide an option for the Board to contract its own legal advisor (see Investigative procedure under agenda item 7).

101. The representative of the trustee clarified that the work would be done with the legal counsel to the secretariat and not with the legal counsel to the trustee, and if the Board were to hire legal counsel independent of the World Bank, the procedures of World Bank would not apply.

102. Ms. Fornells de Frutos suggested that as the Board would have to use the trustee's procedures in selecting a legal advisor, it would be useful to work together with the trustee.

103. The Board took note that the Ethics and Finance Committee would continue its discussion of the issue of legal support to the Board at its 11th meeting.

Agenda item 9: Issues arising from CMP 8

104. The Manager of the Adaptation Fund Board secretariat presented the decisions taken at CMP 8 on the report of the Adaptation Fund Board and the initial review of the Adaptation Fund, as well as section V of the decision to amend the Kyoto Protocol. By the latter decision the Adaptation Fund's share of the proceeds of the sale of CERs remained at two percent and the exception of those from projects in least-developed country Parties continued to be exempt from that arrangement. That decision also augmented the Adaptation Fund through a two per cent share of: the proceeds levied on the first international transfers of assigned amount units (AAUs) and the issuance of emission reduction units (ERUs) for Article 6 projects. She reminded the Board that it would have to report to the 38th session of the Subsidiary Body for Implementation on the status of resources of the Fund, trends in the flow of resources and any identifiable causes of those trends.

105. In response to several queries the Chair explained that the CMP had extended the mandate of the GEF as interim secretariat until 2014 and that of the World Bank as interim trustee until 2015. The representative of the trustee also explained that the Terms and Conditions between the trustee and the CMP only authorized the trustee to monetize CERs, that the trustee had not yet had the chance to consider all the implications of the decisions, and that approval from the World Bank Board of Directors would be sought with respect to the CMP request to extend the World Bank's mandate as trustee. The issue of the meaning of the phrase "share of proceeds" was discussed and the Manager of the Adaptation Fund Board secretariat read out paragraph 8 of Article 12 of the Kyoto Protocol and pointed out its similarity to the language in the decision. The representative of the UNFCCC secretariat explained that the deadline for the submission of any report by the Adaptation Fund to the 38th session of the Subsidiary Body for Implementation was 11 March 2013.

106. Following the discussion the Board decided to request the trustee and secretariat to prepare a draft report on the status of resources of the Fund, trends in the flow of resources and any identifiable causes of these trends as requested by the CMP, with a view to finalizing the report intersessionally and submitting it for the consideration of the 38th session of the Subsidiary Body for Implementation, on the understanding that the finalized report would need to be submitted to the UNFCCC secretariat no later than 11 March 2013.

(Decision B.19/30)

Agenda item 10: Communications

107. The secretariat reported on the major communications and outreach activities undertaken in the intersessional period. Continued efforts to elevate the quality of the website had been augmented with the tracking of user statistics showing, for example, the countries where visitors to the Adaptation Fund website were based. The “Donate” button linking to the United Nations Foundation website had also been added, and one Board member noted that the button should be made more prominent. The secretariat also updated the Board on the status of the Fund’s four social media sites (Facebook, Twitter, Flickr, and YouTube). A brief presentation of the winners of the second annual photo contest was made, followed by an oral summary of the non-prescriptive Knowledge Sharing Guidelines produced by the secretariat in accordance with the Board’s Knowledge Management Strategy, which was adopted during the 14th Board meeting. The guidelines are contained in document AFB/B.19/Inf.5.

108. The Board took note of the secretariat’s report.

Agenda item 11: Financial Issues

a) CER monetization

109. The Board heard an update by the representative of the trustee on the CER monetization programme (AFB/EFC.10/7) as well as on the recent events in the carbon markets and its strategy for CER sales through to March 2013. The trustee representative reported on the closure of the BlueNext Carbon Exchange, and the need to join alternative exchanges, which entailed engaging a clearing agent. In accordance with the Board’s instructions, the trustee would refrain from selling either green or large hydro CERs and continue to prioritize the sale of CERs from industrial gases. The Board was also reminded of the decision of the Parties to the Kyoto Protocol to augment the Fund through a two percent share of the proceeds levied on AAUs and ERUs. However, the Parties had not authorized the trustee to monetize those credits and consequently the Terms and Conditions between the Parties and the trustee would need to be amended to permit the monetization of such credits.

110. It was asked whether the decision to prioritize the sale of CERs from industrial gases entailed any risk to the Fund and whether the Board should change its instructions. In response, the representative of the trustee explained that there was always a risk that by not maintaining a regular pace of sales of CERs the Fund could find that the price of CERs had gone down and that consequently the value of its remaining CERs had been reduced. However, as the green and large hydro CERs had a longer “shelf-life” it was noted that it was sensible to continue to prioritize the sale of CERs from industrial gases.

111. The Board took note of the report by the trustee on CER monetization.

b) Financial status of the Adaptation Fund Trust Fund

112. The representative of the trustee presented a summary of the information contained in its most recent Financial Report (AFB/EFC.10/7) including an update on changes in the financial situation of the Adaptation Fund Trust Fund up to 30 November 2012. The trustee said that since the start of the CER monetization program, in May 2009, the trustee had received US \$324.4 million into the Adaptation Fund Trust Fund (US \$187.9 million through CER sales, and US \$134.5 million in donations), including a donation of SEK 100 million (approximately US \$15 million) from Sweden which had been received in November 2012. Funds held in the trust fund at 30 November 2012 amounted to US \$261.6 million, cash transfers amounted to US \$62.8 million, and funds available for new funding decisions stood at US \$136.0 million. The trustee summarized the information contained in its Financial Report with respect to the investment strategy and investment income for trust fund balances. Finally, the representative of the trustee noted that with the continued fall in the price of CERs, additional significant resources were unlikely to be received by the end of 2012, and that if CER prices did not increase from their current levels, additional resources for the Adaptation Fund would be severely constrained after 2012.

113. The Board took note of the presentation by the trustee on the financial status of the Adaptation Fund Trust Fund.

c) Status of the project/programme pipeline

114. The issue was addressed during the discussion of the report of the PPRC under agenda item 6 (see paragraphs 39 to 41 and 67 above),

Agenda item 12: Presentation on the International Aid Transparency Initiative (IATI)

115. Mr. David Hall-Matthews of the “Publish What You Fund” campaign introduced the International Aid Transparency Initiative (IATI) (AFB/B.19/Inf.7). He said that the Adaptation Fund had been listed 17th out of 72 and first among the climate finance institutions assessed on the 2012 Aid Transparency Index and he complemented the Fund for its success. The aim of the initiative was to make development flows more transparent and easy to track so that sources of development finance could be ranked in order of how transparent they were. He said that the tools used by the development finance community could also be used by the climate finance community. IATI was not a database, but an open system that facilitated the comparison of information from different organizations. He encouraged the Adaptation Fund Board to join IATI as that would show its political commitment to the practice of transparency and provide clarity as to where funds were being allocated, and to whom. It would also help eliminate duplication of funding and allow for greater scrutiny of financial flows and a reduction of perverse incentives.

116. He gave the example of typical funding paths and said that financial flows had to be tracked in a clearer and more efficient way. Both those compiling and using climate finance data were frustrated by the different formats and sources of reporting. However, consolidating that information the wrong way could lead to counterproductive results. It was important to use an open information standard and not a database in order to allow for comparison between funds and funding sources. That would increase accountability and allow funds to be followed from a funding decision to the point of implementation and execution. It was recommended that the Board sign IATI, and publish the information that it presently had.

117. In response to a question as to the time and cost involved in implementing IATI, the Board was told that updating its database would be worth the investment as an automated system would cut down on reporting time. IATI provided support and would discuss the feasibility of automating its system with the Fund. It would be possible to phase in the necessary changes. The Board was also informed that those organizations which had been ranked higher than the Fund had published their information with IATI and had been doing so for some time, gradually increasing the amount they published with the passage of time. The World Bank had adopted a new disclosure policy and strategy and it was suggested that Board ask the World Bank if there was a possibility of a partnering arrangement that could lower and eliminate some costs associated with implementing IATI. It was also suggested that joining IATI might help to attract more funds. If the Fund was looking for funding, it was necessary to be transparent, especially if that reassured donors. If joining IATI could help generate even one additional donation, then doing so might be worthwhile.

118. The Manager of the secretariat said that the secretariat had investigated the changes required to use the IATI system, and she informed the Board that it would be necessary to hire a short-term, mid-level consultant for some US \$8,000 to \$10,000 to do so. The IATI standards were more appropriate for multilateral and bilateral entities, and some of the indicators were not applicable to the Fund, but the system would allow the Fund to streamline its database and the secretariat could work with IATI to comply with its requirements.

119. The Board decided to:

- (a) Take note of the presentation on the International Aid Transparency Initiative (IATI); and
- (b) Request the secretariat to prepare a report on what was required for the Adaptation Fund to join IATI for consideration by the Board at its 20th meeting.

(Decision B.19/31)

Agenda Item 13: Election of the Board, PPRC, EFC and Accreditation Panel Chairs and Vice-Chairs

120. The representative of the UNFCCC secretariat explained the process of election to the Board and drew the attention of the Board to the vacancies for a member and an alternate member from the Asia region and for a member from the small-island developing states. She then presented the membership history of the Board in tabular form. Several members queried the accuracy of the dates listed in the tables and asked for them to be corrected. The Chair then reminded the Board that it should elect its officers and those of the committees for the period of office starting with the 20th meeting, as well as a new Accreditation Panel member who would act as Chair starting on 1 January 2013.

Following a discussion, the Board decided to elect:

- (a) Mr. Hans Olav Ibrekk (Norway, Western European and Others Group) as Chair of the Adaptation Fund Board;
- (b) Mr. Mamadou Honadia (Burkina Faso, Non-Annex I Parties) as Vice-Chair of the Adaptation Fund Board;
- (c) Ms. Laura Dzelzyte (Lithuania, Eastern Europe) as Chair of the PPRC;

- (d) Mr. Jeffery Spooner (Jamaica, Latin America and Caribbean) as Vice-Chair of the PPRC;
- (e) Ms. Medea Inashvili (Georgia, Eastern Europe) as Chair of the EFC;
- (f) Ms. Su-Lin Garbett-Shiels (United Kingdom, Annex I Parties) as Vice-Chair of the EFC;
- (g) Mr. Philip Weech (Bahamas, Latin America and Caribbean) as member and Chair of the Accreditation Panel; and
- (h) Ms. Angela Churi-Kallhauge (Sweden, Western European & Others Group) as Vice-Chair of the Accreditation Panel.

(Decision B.19/32)

Agenda item 14: Date and venue of Board meetings in 2013

121. Following the presentation by the Manager of the Adaptation Fund Board secretariat of possible meeting dates the Board decided to hold its:

- (a) 20th meeting from 2 to 5 April 2013 in Bonn, Germany;
- (b) 21st meeting from 1 to 4 July 2013 in Bonn, Germany; and
- (c) 22nd meeting from 29 October to 1 November 2013 in Bonn, Germany.

(Decision B.19/33)

Agenda item 15: Dialogue with civil society organizations

122. Mr. Fazal Issa, Forum CC, Tanzania presented the outcome of the dialogue with civil society which had taken place back-to-back with the 19th meeting of the Adaptation Fund Board. The text of that presentation is contained in **Annex VII** to the present report.

123. The Board took note of the report of the outcome of the dialogue with civil society.

Agenda item 16: Other matters

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

Report of the learning mission to Senegal

125. Two representatives of the secretariat presented the report of the learning mission to Senegal which is more fully described in document AFB/EFC.10/5. The mission had been approved by Decision B.17/16(d) and had three objectives: to collect lessons from the direct access experience in Senegal; to understand how key project review criteria had been applied during project implementation; and to gain methodological experience for future learning missions. With respect to direct access the representative of the secretariat said that during the accreditation process the NIE had learned how to further strengthen its procedures and that during implementation it had updated its manual of procedures; developed its first transparency

policy; and prepared its first formal business plan. Furthermore, integration of its technical and financial services had begun.

126. The Fund's experience with direct access had shown that while the practice could enhance country ownership and "independence", institutional linkage with a sectoral Ministry could also hinder the NIE's ability to fulfill its responsibilities in a neutral way. The choice of the DA at the country level was critical for information-sharing and coordination. Transparency in the DA selection process was also important. Direct access could strengthen institutional capacities by enhancing the procedures and profile of the NIEs, and allow capacity-building based on national standards. National implementation could allow more flexibility when partnering with smaller-sized executing entities, which might open new and more efficient ways to operate at the community level. However, having to learn or adapt the skills required during implementation had put the managers of the NIE on a steep learning curve. Thus NIEs should be involved with other national, international and local partner organizations. Actively informing those organizations about the opportunities and limitations of direct access was also important to avoid misunderstandings.

127. With respect to the lessons learned from the review criteria it was observed that the Adaptation Fund project proposal template and associated review criteria seemed to provide a functioning framework for successfully planning implementation. The fact that review criteria have been specified and consolidated over the lifetime of the Adaptation Fund had also improved that framework. Areas that had been identified in early meetings of the PPRC as potential gaps in the review criteria, such as a focus on gender, consultation and sustainability, appeared to be crucial for the long-term success of a project. The balance of "concrete adaptation actions" with soft measures supporting them, was something that the Fund might further examine when conducting other learning missions and more formalized evaluation missions. Consultation was important, not only to ensure that the programme targeted those benefitting from the activity but also to ensure acceptance of the division of benefits among those who directly benefited from the project and those who did not, and to manage the expectations between those two groups. The sustainability of the project outcomes was a complex issue, with financial and institutional sustainability being as important as economic, social and environmental sustainability.

128. In response to a question as to whether the technology being used had been developed locally the representative of the secretariat explained that it was not the first project to tackle coastal erosion in the country and that the measures being used were based on best international experience which involved the use of seawalls and underwater berms being placed offshore. With respect to the sustainability of the project, and how the infrastructure would be maintained once the project was completed it was explained that the issue had been addressed in the project review criteria on sustainability. The plan was to integrate the project into the national coastal development law which would take care of infrastructure. The practical challenge was that the law had not yet been passed and no institution to implement it had been set up. Some measures produced by the program are more easily maintained by the communities themselves, such as wastewater management of the protective structures, but others related to the core maintenance of heavy infrastructure were more challenging. It was suggested that the results of the mission be shared with local partners in Senegal and that a letter be sent to the NIE or the Government setting out the concerns of the Board as to how the sustainability of the project outcomes could be assured in the future. The Chair said that the information that had been presented by the secretariat should be included in any material prepared for distribution on the direct access modality, and that the secretariat should prepare a letter to the DA in Senegal for the Board to consider.

129. The Board decided to request the secretariat to:
- (a) Incorporate the lessons learned from the learning mission to Senegal in any subsequent document prepared on the direct access modality; and
 - (b) Send a letter to the Designated Authority in Senegal outlining the concerns of the Board on the sustainability of the project in Senegal.

(Decision B.19/34)

Language of submissions to the Accreditation Panel

130. After informal discussion, and following the presentation of the Chair of the Accreditation Panel, it was clear that there was a flexible process for taking into account language barriers when addressing the languages used by NIEs in their submissions and it was argued that the Board should support countries that communicated in languages other than English. With respect to interpretation, and the suggestion that Board members needed to inform the secretariat at least two months prior to the Board meeting if they wished to have interpretation, it was urged that it was necessary to give equal opportunity to speakers of all languages of the United Nations to speak in their languages. It was suggested that the registration form contain a section that allowed members to inform the secretariat of their need for interpretation when they registered for the meetings of the Board. The secretariat clarified that a simple email or verbal communication would suffice.

Agenda item 17: Adoption of the Report

131. The present report was prepared for intersessional adoption by the Board.

Agenda item 18: Closure of the Meeting

132. The Chair declared the meeting closed on Friday, 14 December 2012 at 4.40 p.m.

ANNEX I: ADAPTATION FUND BOARD AT ITS NINETEENTH MEETING

MEMBERS		
Name	Country	Constituency
Mr. Ezzat Lewis Hannalla Agaiby	Egypt	Africa
Mr. Abdulhadi Al-Marri	Qatar	Asia
Mr. Waduwawette Lekamalage Sumathipala	Sri Lanka	Asia
Ms. Medea Inashvili (EFC Vice-Chair)	Georgia	Eastern Europe
Mr. Philip S. Weech	Bahamas	Latin America and the Caribbean
Mr. Luis Santos (Chair)	Uruguay	Latin America and the Caribbean
Mr. Hans Olav Ibrekk (PPRC Vice-Chair)	Norway	Western European and Others Group
Ms. Angela Churie-Kallhauge	Sweden	Western European and Others Group
Mr. Mamadou Honadia	Burkina Faso	Least-Developed Countries
Ms. Ana Fornells de Frutos	Spain	Annex I Parties
Mr. Marc-Antoine Martin	France	Annex I Parties
Mr. Bruno Sekoli	Lesotho	Non-Annex I Parties

ALTERNATES		
Name	Country	Constituency
Mr. Richard Mwendandu	Kenya	Africa
Mr. Zaheer Fakir	South Africa	Africa
Mr. Damdin Dagvadorj	Mongolia	Asia
Mr. Valeriu Cazac	Moldova	Eastern Europe
Mr. Aram Ter-Zakaryan	Armenia	Eastern Europe
Mr. Jeffery Spooner (PPRC Chair)	Jamaica	Latin America and the Caribbean
Mr. Santiago Reyna	Argentina	Latin America and the Caribbean
Mr. Mohamed Shareef	Maldives	Small Island Developing States
Ms. Su-Lin Garbett-Shiels	United Kingdom of Great Britain and Northern Ireland	Annex I Parties
Ms. Sally Biney	Ghana	Non-Annex I Parties
Mr. Boubacar Sidiki Dembele	Mali	Non-Annex I Parties
Mr. Anton Hilber (Vice-Chair)	Switzerland	Western European and Others Group
Mr. Markku Kanninen	Finland	Western European and Others Group

ANNEX II: ADOPTED AGENDA OF THE 19TH BOARD MEETING

1. Opening of the meeting.
2. Organizational matters:
 - a) Adoption of the agenda;
 - b) Organization of work;
 - c) Declarations of conflict of interest;
 - d) Oath of service.
3. Report on activities of the Chair.
4. Secretariat activities.
5. Report of the Accreditation Panel.
6. Report of the 10th meeting of the Project and Programme Review Committee (PPRC):
 - a) Issues identified during project and programme review;
 - b) Project/programme pipeline;
 - c) Project and programme proposals;
 - d) Strategy to engage scientific community.
7. Report of the 10th meeting of the Ethics and Finance Committee (EFC):
 - a) Investigative procedure;
 - b) Annual performance report;
 - c) Report on delays in Eritrea project start-up;
 - d) Revised standard legal agreement;
 - e) Implementation of the code of conduct;
 - f) Financial issues.
8. Issues remaining from the 18th Board meeting:
 - a) Strategic discussion on objectives and further steps of the Fund;
 - b) Legal support to the Board: current arrangements and conflict of interest.
9. Issues arising from CMP18/CMP8.
10. Communications and outreach.
11. Financial issues:
 - a) CER monetization – proposed amendments to monetization guidelines;
 - b) Financial status of the Adaptation Fund Trust Fund;
 - c) Status of the project/programme pipeline;
12. Presentation on the International Aid Transparency Initiative (IATI).
13. Election of the Board, PPRC, EFC and Accreditation Panel Chairs and Vice-Chairs.
14. Date and venue of Board meetings in 2013.
15. Dialogue with civil society organizations.
16. Other matters.
17. Adoption of the report.
18. Closure of the meeting.

ANNEX III: PPRC FUNDING RECOMMENDATIONS

PPRC Funding Recommendations (December 12, 2012)

	Country/Title	IE	Document Ref	Project	Fee	NIE	RIE	MIE	IE fee %	Total Amount	Decision
1. Projects and Programmes:											
	Argentina	WB	AFB/PPRC.10/9	3,960,200.00	336,617.00			4,296,817.00	8.5%	4,296,817.00	Approved
	Sri Lanka	WFP	AFB/PPRC.10/16	7,363,804.00	625,923.00			7,989,727.00	8.5%	7,989,727.00	Approved
	Cuba	UNDP	AFB/PPRC.10/10	5,592,000.00	475,320.00			6,067,320.00	8.5%	6,067,320.00	Placed in pipeline
	Guatemala	UNDP	AFB/PPRC.10/12	5,000,000.00	425,000.00			5,425,000.00	8.5%	5,425,000.00	Placed in pipeline
	Myanmar	UNDP	AFB/PPRC.10/14	7,289,425.00	619,601.00			7,909,026.00	8.5%	7,909,026.00	Placed in pipeline
	Seychelles	UNDP	AFB/PPRC.10/15	5,950,000.00	505,750.00			6,455,750.00	8.5%	6,455,750.00	Placed in pipeline
	Ghana	UNDP	AFB/PPRC.10/11	7,644,214.00	649,758.19			8,293,972.19	8.5%		Not approved
	Mauritania	WMO	AFB/PPRC.10/13	1,990,764.00	169,216.00			2,159,980.00	8.5%		Not approved
	Uzbekistan	UNDP	AFB/PPRC.10/17	5,950,000.00	505,750.00			6,455,750.00	8.5%		Not approved
	Sub-total			50,740,407.00	4,312,935.19	0.00	0.00	55,053,342.19	8.5%	12,286,544.00	
2. Project Formulation Grant:											
	Jordan	MOPIC	AFB/PPRC.10/6/Add.	30,000.00		30,000.00					Not approved
	Sub-total			30,000.00		30,000.00				0.00	
3. Concepts:											
	Niger	BOAD	AFB/PPRC.10/7	9,135,000.00	776,000.00		9,911,000.00		8.5%	9,911,000.00	Endorsed
	Jordan	MOPIC	AFB/PPRC.10/6	9,105,000.00	500,775.00	9,605,775.00			5.5%		Not endorsed
	Togo	BOAD	AFB/PPRC.10/8	9,100,000.00	773,000.00		9,873,000.00		8.5%		Not endorsed
	Sub-total			27,340,000.00	2,049,775.00	9,605,775.00	19,784,000.00	0.00	7.5%	9,911,000.00	
4. Total (4 = 1 + 2 + 3)				78,110,407.00	6,362,710.19	9,635,775.00	19,784,000.00	55,053,342.19	8.1%	22,197,544.00	

ANNEX IV: REVISIONS TO STANDARD LEGAL AGREEMENT



ADAPTATION FUND

AGREEMENT

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

between

THE ADAPTATION FUND BOARD

and

[IMPLEMENTING ENTITY]

[Insert Date]

AGREEMENT**[The _____ Project in [Country]]****between****THE ADAPTATION FUND BOARD****and****[IMPLEMENTING ENTITY]**

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

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

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

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

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

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

1. DEFINITIONS

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

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

2. THE PROJECT AND THE GRANT

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

2.02. The Trustee shall transfer the Grant funds to the Implementing Entity on the written instructions of the Board. Any subsequent transfer of Grant funds to the Implementing Entity after the first tranche shall only be transferred after the Board approves the annual Project Performance Reports (PPR) referred to in section 7.01.b. Transfers shall be made to the following bank account of the Implementing Entity in accordance with the disbursement schedule set out in Schedule 3 to this Agreement:

[Insert Implementing Entity's bank account details]

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

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

3. ADMINISTRATION OF THE GRANT

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

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

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

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

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

4. [PROJECT] [PROGRAMME] IMPLEMENTATION

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

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

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

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

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

5. [PROJECT] [PROGRAMME] SUSPENSION

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

- (i) Financial irregularities in the implementation of the [Project] [Programme], or
- (ii) A material breach of this Agreement and/or poor implementation performance leading the Board to conclude that the [Project] [Programme] can no longer achieve its objectives.

Provided, however, that before the Board makes its final decision (a) the Implementing Entity shall be given an opportunity to present its views to the Board, through the Secretariat; and/or

(b) the Implementing Entity may make any reasonable proposal to promptly remedy the financial irregularities, material breach or poor implementation performance.

6. PROCUREMENT

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

7. RECORDS AND REPORTING

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

a) An inception report submitted to the secretariat no later than one (1) month after the inception workshop has taken place. The start date of the [project] [programme] is considered the date of the inception workshop;

b) Annual ~~-progress~~ Project Performance Reports (PPR) on the status of the [Project]/[Programme] implementation, including the disbursements made during the relevant period or more frequent progress reports if requested by the Board. The PPR shall be submitted on a yearly basis one (1) year after the start of [project] [programme] implementation and no later than two (2) months after the end of the reporting year;

c) A mid-term evaluation, prepared by an independent evaluator selected by the Implementing entity for any [project/programme] that is under implementation for over four years; the mid-term evaluation should be submitted to the Fund Secretariat within six months of the mid-point of [Project]/[Programme] implementation;

bd) A [Project]/[Programme] completion report, including any specific [Project]/[Programme] implementation information, as reasonably requested by the Board through the Secretariat, within six (6) months after [Project]/[Programme] completion;

ee) A ~~mid-term~~ and a final evaluation report, prepared by an independent evaluator selected by the Implementing Entity. The final evaluation report shall be submitted within nine (9) months after [Project]/ [Programme] completion. Copies of these reports shall be forwarded by the Implementing Entity to the Designated Authority for information; and

ef) A final audited financial statement of the Implementing Entity Grant Account, prepared by an independent auditor or evaluation body, within six (6) months of the end of the Implementing Entity's financial year during which the [Project]/[Programme] is completed.

8. MANAGEMENT FEE

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

9. OWNERSHIP OF EQUIPMENT

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

10. CONSULTATION

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

11. COMMUNICATIONS

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

For the Board:

Adaptation Fund Board Secretariat

1818 H Street, NW

Washington, D.C. 20433

USA

Attention: Adaptation Fund Board Chair

Fax: _____

For the [Implementing Entity]:

Attention: _____

Fax: _____

12. EFFECTIVENESS AND AMENDMENT OF THE AGREEMENT

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

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

13. TERMINATION OF THE AGREEMENT

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

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

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

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

14. SETTLEMENT OF DISPUTES

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

14.02. Any dispute, controversy or claim arising out of or relating to this Agreement, or the breach, termination or invalidity thereof, which has not been settled amicably between the Board

and the Implementing Entity shall be settled by arbitration in accordance with the UNCITRAL Arbitration Rules as presently in force.

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

THE ADAPTATION FUND BOARD

Chair

IMPLEMENTING ENTITY

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

SCHEDULE 3: DISBURSEMENT SCHEDULE

	Upon Agreement signature	One Year after Project Start ^{a/}	Year 2 ^{b/}	Year 3	Year 4 ^{c/}	Total
Scheduled Date						
Project Funds						
Implementing Entity Fee						
Total						

^{a/}Use projected start date to approximate first year disbursement

^{b/}Subsequent dates will follow the year anniversary of project start

^{c/}Add columns for years as needed

ANNEX V: REVISIONS TO CODE OF CONDUCT

Cases of actual or perceived conflicts of interest related to members and alternates of the Board or its advisory bodies may be raised with the Chair of the Board. Any final decision on whether there is an actual conflict of interest is made by the 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 and Vice-Chair as to whether a conflict of interest exists. 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.

ANNEX VI: LETTER FROM WORLD BANK CONTROLLER

The World Bank
Washington, D.C. 20433
U.S.A.

CHARLES A. MCDONOUGH
Vice President & Controller

September 28, 2012

Mr. Luis Santos
Chair, Adaptation Fund Board
Adaptation Fund Secretariat
Mail Stop P4-400
1818 H Street NW
Washington D.C. 20433

Due Diligence Pertaining to United Nations and Other Sanctions Regimes

Dear Mr. Santos,

The World Bank is committed to combating the financing of terrorists and has taken measures, consistent with its Articles of Agreements and Board-approved policies, to ensure that funds under its care are not diverted to terrorists or their agents. These measures, which demonstrate the Bank's commitment to good corporate governance, include the implementation of certain control procedures which are collectively referred to as the Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) Program.

The World Bank's AML/CFT Program deals specifically with its internal operations and, as such, is not a substitute for any required due diligence pertaining to the ultimate beneficiaries of disbursements that the World Bank processes as Trustee for the Adaptation Fund.

This letter is to clarify to you that the World Bank, acting in its capacity as Trustee for the Adaptation Fund Trust Fund, does not have any responsibility for the use by any recipient of any funds transferred from the Trust Fund.

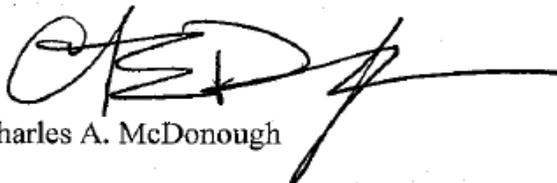
The World Bank expects the Adaptation Fund to have effective mechanisms in place to ensure that the follow-on use of funds does not contravene any Resolution issued by the

-2-

United Nations Security Council or other sanctions regimes which may apply to your entity.

The World Bank's management may request a statement from your organization confirming that such mechanisms are in place.

Sincerely,

A handwritten signature in black ink, appearing to read 'C. McDonough', with a long horizontal flourish extending to the right.

Charles A. McDonough

cc. Naoko Ishii, Chief Executive Officer, GEF Secretariat
Axel van Trotsenburg, Vice President, Concessional Finance and Global Partnerships

ANNEX VII: DIALOGUE WITH CIVIL SOCIETY, 10 DECEMBER 2012, BONN, GERMANY

1. The meeting was opened by the Chair of the Adaptation Fund Board, Mr. Luis Santos, who welcomed all those attending. After a brief summary of the principal results of the Climate Change Conference in Doha, and its effect on the Adaptation Fund, he invited the representatives of civil society to enter into dialogue with the Board.
2. Mr. Sven Harmeling (representing both Germanwatch and the Adaptation Fund NGO Network) thanked the Board for collaborating with civil society in the margins of the recent climate change conference. He said that his organizations would continue to further the activities of the Adaptation Fund by supporting civil society in countries where the projects and programmes of the Adaptation Fund were being implemented.
3. The following speakers spoke for the civil society organizations and presented insights on recent developments related to the Adaptation Fund in their countries:
 - Ms. Bettina Koelle, Indigo, South Africa;
 - Mr. Eric Kisiangani, Practical Action East Africa (Kenya);
 - Mr. Fazal Issa, Forum CC, Tanzania;
 - Mr. Soeun Ung, Cambodia NGO Forum.
4. Mr. Alpha Kaloga (Germanwatch) gave a presentation of the key aspects of a compilation of country case studies which the NGO Network has prepared and which will be published shortly. Those studies were based on in-country consultations and described the state of project implementation. He reported on the achievements and recommendations of the project in Senegal, and the future challenges of the project in Honduras, as well as the objectives and challenges of the project concept for Benin. The recommendations he presented included that: local stakeholders and vulnerable groups had to be involved in the projects from the outset, ownership was higher when projects had infrastructure components or tangible deliverables, projects were a good opportunity to promote transparency, inter-institutional and multi-stakeholder coordination was needed and partially promoted by the projects of the Adaptation Fund, and direct access was no impediment to having a direct link to local communities.
5. Mr. Kaloga also gave a brief description of the consultative process in the selection of a National Implementing Entity (NIE) for South Africa. He explained that the NGO network was hosted by Germanwatch and was a platform for multi-stakeholder participation. It advocated an inclusive and unbiased consultative process and supported NGOs in developing countries by increasing their capacity. It provided regular briefing reports on the meetings of the Adaptation Fund Board and participated in the regular dialogue with civil society held in the margins of the meetings of the Board.
6. In response to questions on how climate change adaptation strategies were mainstreamed, Mr. Kaloga gave the example of fishing communities in Benin and said that there was a need for adaptation infrastructure to be implemented in such a way that it did not interfere with the traditional livelihoods of those people. Ms. Koelle gave the example of South Africa and said that it was essential to understand the main actors in the policy landscape. It was

also necessary to have a snapshot in time to establish a baseline in order to monitor the implementation of adaptation activities.

7. In response to a question of whether the network had followed the processes of the Board when evaluating projects, Mr. Kaloga said that due to funding and time constraints it had not done so comprehensively. The objective of the reviews had been to see whether a project, or programme, had improved the livelihoods of people, or their perceptions of the project or programme, and whether it was responding to their concerns, which of course also links into aspects contained in the AF project guidelines. It was observed by one of the Board that if the NGO network was contributing to the work of the Board by assessing its projects then it should use the same methodologies as the Board when doing so.
8. Mr. Issa, Mr. Ung and Ms. Koelle, speaking by Skype, described the projects being implemented or developed in their respective countries and Ms. Koelle also reported on the side events held in the margins of the Doha Climate Change Conference. Mr. Kisiangani also described the process that had taken place in Kenya to select an NIE.
9. It was pointed out that in many countries NGOs were not well organized and that there was a need to promote communication among them. It was also asked why in Kenya the NIE was cautious not fail in the administration and implementation of the project being financed by the Adaptation Fund. Mr. Kisiangani said that was a result of the lessons learnt from the Global AIDS Fund. Mr. Harmeling explained that one of the objectives of the network was to assist NGOs in developing countries to understand how the Adaptation Fund worked and that one of the interesting aspects noted was the interplay with projects funded by other international organizations.
10. The Chair said that the work of civil society organizations was very important, especially when considering the implementation of the projects and programmes, or the lessons to be learned from them. He asked the NGO network to continue its work.
11. Mr. Harmeling presented views on the strategic prospects of the Green Climate Fund (GCF) and fundraising for the Adaptation Fund. He said that one of the key issues was the vision of the Adaptation Fund and its relationship to the GCF. The lessons learned from the Adaptation Fund could inform the modalities of the GCF. However, there were also concerns about the sustainability of the Adaptation Fund as well as the need for it to secure predictable funding. He said a replenishment process for it should be considered.
12. The Chair agreed with the sentiments expressed by Mr. Harmeling and asked the members of the Board for their views.
13. The representative of the Trustee explained its mandate for the sale of CERs.
14. Mr. Harmeling commented on some of the key issues on the Board meeting agenda from the perspective of the NGO network. The review process should have an indicator for the engagement with civil society, as suggested in the annual performance report, and the Board should make greater efforts to ensure gender equality in its membership. There should be greater participation of civil society in the review of projects and the last meeting of the Board each year should take place several weeks in advance of the meetings of the Parties to allow for greater participation by civil society at, and better preparation of Board meetings.

15. In response to a concern expressed about the use of the phrase “strategic prospects of the GCF” in the agenda of the dialogue with civil society, Mr. Harmeling explained that this was a mistake. It should read "strategic prospects of the Adaptation Fund", and it had not been the intention of the network to engage the Board in discussions which went beyond its mandate.
16. The Chair thanked those in attendance and closed the dialogue at 19.05