

# The Adaptation Fund

AFB/B.1/4  
February 29, 2008

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Adaptation Fund Board  
First meeting  
Bonn, March 26-28, 2008

Agenda Item 5

## ROLE AND RESPONSIBILITIES OF THE ADAPTATION FUND BOARD

1. The Adaptation Fund Board (the Board) shall be responsible for the supervision and management of the Adaptation Fund, and shall be fully accountable to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol.
2. Consistent with the functions assigned to the Board by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, and to fulfill those functions, The Board shall:
  - (a) Develop strategic priorities, policies and guidelines, and recommend their adoption to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol;
  - (b) Develop and decide on specific operational policies and guidelines, including programming guidance and administrative and financial management guidelines, in accordance with decision 5/CMP.2, and report to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol;
  - (c) Approve and periodically review operational criteria based on the key principles listed in Decision 5/CMP.2 to ensure that:
    - (i) A share of the proceeds from certified project activities is used to cover the administrative expenses, as well as to assist developing country Parties that are particularly vulnerable to the adverse effects of climate change;
    - (ii) Access to the Fund is in a transparent and equitable manner for eligible countries;
    - (iii) Transparency and openness exists in the governance of the Fund;
    - (iv) Funding is on full adaptation cost basis of projects and programmes to address the adverse effects of climate change;
    - (v) There is accountability in the management, operation, and use of funds;
    - (vi) There is no duplication with other sources of funding for adaptation; and
    - (vii) There is efficiency and effectiveness in the management, operation, and governance of the fund.
  - (d) Develop and periodically review operational modalities for the Fund, consistent with the following modalities, as provided in Decision 5/CMP.2:
    - (i) Funding for eligible Parties will be available for national, regional and community level activities;
    - (ii) Facilitative procedures for accessing funds, including short and efficient project development and approval cycles and expedited processing of eligible activities;
    - (iii) Projects should be country driven and should be clearly based on needs, views and priorities of the eligible Parties, taking into account, inter-alia, national sustainable development strategies, poverty reduction strategies,

- national communications and national adaptation programmes of action and other relevant instruments, where they exist;
- (iv) Funding shall be available for concrete adaptation projects and programmes in eligible countries;
  - (v) Ability to receive contributions from other sources of funding;
  - (vi) Competency in adaptation and financial management;
  - (vii) Sound financial management, including the use of international fiduciary standards;
  - (viii) Clearly defined responsibilities for quality assurance, management and implementation;
  - (ix) Independent monitoring, evaluation and financial audits; and
  - (x) Learning by doing.
- (e) Develop criteria to ensure that the implementing and executing entities have the capacity to implement the administrative and financial management guidelines of the Fund, and report on it to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol;
  - (f) Decide on projects, including the allocation of funds, in line with the Fund principles, criteria, modalities, policies and programmes, in accordance with decision 5/CMP.2;
  - (g) Develop and agree on rules of procedure for the Board and recommend these for adoption by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol;
  - (h) Monitor and review implementation of the operations of the Fund, including its administrative arrangements and expenditures incurred under the Fund, and recommend decisions, as may be appropriate, for adoption by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol;
  - (i) Establish committees, panels and working groups, if required, to provide, inter-alia, expert advice, to assist the Board in the performance of its functions;
  - (j) Draw upon and make use of the expertise that the Board may require to perform its functions;
  - (k) Regularly review performance reports on implementation and ensure independent evaluation and auditing of activities, as appropriate, supported by the Fund;
  - (l) Assign specific tasks and responsibilities to the Secretariat;
  - (m) Review and approve the administrative budget of the Secretariat and arrange for periodic financial and performance audits of the Secretariat and implementing and executing entities with regard to activities supported by the Fund;

- (n) Develop and approve draft legal and administrative arrangements for secretariat and trustee services for approval by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol;
- (o) Be responsible for the monetization of certified emission reductions issued by the Executive Board of the Clean Development Mechanism and forwarded to the Fund to assist developing country Parties that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation, in order to:
  - (i) Ensure a predictable revenue flow for the Adaptation Fund;
  - (ii) Optimize revenue for the Adaptation Fund while limiting financial risks;
  - (iii) Be transparent and monetize the proceeds in the most cost-effective manner, utilizing appropriate expertise for this task; and
  - (iv) Report annually to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol on the monetization of certified emissions reductions.
- (p) Report on its activities at each session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol;
- (q) Include in its work plan for the period up to the fourth session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, inter-alia, those functions and responsibilities identified in paragraph 2 (a), (b), (c), (d), (g), (m) and (n) above in order for the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol to adopt or take note thereof.

3. The Board shall meet pursuant to the rules of procedure of the Board, approved by the Conference of the Parties meeting as the Parties to the Kyoto Protocol.