



ADAPTATION FUND

AFB/B.18/5
11 June, 2012

Adaptation Fund Board
Eighteenth Meeting
Bonn, Germany, 28-29 June 2012

CONSIDERATION OF ISSUES RELATED TO REGIONAL PROJECTS/PROGRAMMES

I. Note by the secretariat

1. The strategic priorities, policies, and guidelines of the Adaptation Fund adopted by the CMP includes a provision for regional projects and programmes:

13. Funding for projects and programmes will be available for projects and programmes at national, regional and community levels.

2. The operational policies and guidelines of the Adaptation Fund specifies that:

10. [...] Adaptation projects can be implemented at the community, national, and transboundary level. [...]

3. The strategic priorities, policies, and guidelines of the Adaptation Fund adopted by the CMP also states that:

16. The decision on the allocation of resources of the Adaptation Fund among eligible Parties shall take into account: [...]

(e) Securing regional co-benefits to the extent possible, where applicable [...]

4. This is the only statement on a regional dimension in funding allocation in the strategic priorities, policies, and guidelines, and neither that document, nor the operational policies and guidelines, give any preference to funding regional projects and programmes compared to single-country projects and programmes. In its work, the Board has not made any decisions to such effect, either.

5. In its 13th meeting, the Adaptation Fund Board decided, *as a temporary measure to:*

(a) Approve a cap of US \$10 million for each country funded for support by the Adaptation Fund; and

(b) Request the secretariat to present a proposal to the Ethics and Finance Committee on how regional projects or programmes would be considered within the cap of US \$10 million per country funded for support.

(Decision B.13/23)

6. In the 14th meeting, the secretariat presented the document AFB.EFC.5.6 “Consideration of country cap in the context of regional projects and programmes”. Following discussions, having considered the recommendation of the Ethics and Finance Committee, as orally revised, the Board decided to:

(a) Establish an ad hoc working group, composed of the Chair and Vice-Chair, four members from the Ethics and Finance Committee and four members from the Project and Programme Review Committee, to consider the issues of regional criteria, country caps and the definition of regional projects/programmes;

(b) Name the following members and alternate members to the ad hoc committee: Ms. Ana Fornells de Frutos (Spain) and Mr. Luis Santos (Uruguay), respectively Chair and Vice-Chair of the Board, Ms. Kate Binns (United Kingdom), Mr. Yutaka Matsuzawa (Japan), Mr. Santiago Reyna (Argentina) and Mr. Peceli Vocea (Fiji) from the Ethics and

Finance Committee; and Mr. Cheikh Ndiaye Sylla (Senegal), Mr. Jeffery Spooner (Jamaica), Ms. Angela Churie-Kallhauge (Sweden) and Mr. Amjad Abdulla (Maldives) from the Project and Programme Review Committee;

- (c) Request the secretariat to send a letter to any accredited regional implementing entities informing them that they could present a country project/programme but not a regional project/programme until a decision had been taken by the Board, and that they would be provided with further information pursuant to that decision;
- (d) Defer consideration of the proposal contained in document AFB/EFC.5/6 until the 15th meeting of the Board, noting the importance of a decision at the 16th meeting so that regional programmes can be approved;
- (e) Request the secretariat to revise the document, elaborating on the following issues:
 - (i) The interim nature of the country cap, and relationship to the cap on Multilateral Implementing Entities;
 - (ii) Added value of regional approaches; and
 - (iii) Quality considerations in regional projects and programmes, and related project/programme review criteria.

(Decision B.14/25)

7. During the intersessional period between the 14th and the 15th meeting, the secretariat sent a letter as mandated by Decision B.14/25 (c). The secretariat also sought guidance from the ad hoc working group regarding the revisions that were expected following Decision B.14/25 (e), and received valuable inputs.

8. In the 15th meeting, the secretariat presented the revised document AFB/B.15/5, which was prepared as guided by the inputs from the ad hoc working group. Having heard the report of the secretariat on the country cap in the context of regional project/programmes, and the views expressed on it, the Board decided to:

- (a) Request the secretariat to produce a revised paper that:
 - (i) Reflects the experience on regional projects and programmes gained by other agencies, such as UNEP, the GEF, the World Bank, the PPCR, as well as that of the regional development banks; and
 - (ii) Presents a proposal on the definition of regions in the context of regional projects and programmes;
- (b) Consider the revised report of the secretariat as input for the Board's development of a policy on the approval of regional projects and programmes at the Board's 16th meeting.

(Decision B.15/28)

9. During the intersessional period between the 15th and 16th meeting, the secretariat conducted a literature and interview based survey among other funds and agencies on their

experience on regional projects and programmes, including Global Environment Facility (GEF) adaptation cluster managing the Least Developed Countries Fund (LDCF) and the Special Climate Change Fund (SCCF), as well as the GEF International Waters (IW) focal area team; the GEF Evaluation Office; United Nations Environment Programme (UNEP) Regional Seas Programme (RSP); United Nations Development Programme (UNDP); the Climate Investment Funds (CIF) Administrative Unit managing the Pilot Program for Climate Resilience (PPCR) and hosted by the World Bank; the World Bank Independent Evaluation Group (IEG), the Asian Development Bank (ADB) and the Inter-American Development Bank (IADB).

10. In the 16th meeting, the secretariat presented the revised document AFB/B.16/5, which drew on the results of the survey conducted among other funds and agencies. Having heard the report of the secretariat on the issues related to regional project/programmes, the Board decided to:

- (a) Request the secretariat to prepare a revised paper that took into account the comments made during the discussion at the present meeting;
- (b) Request the Project and Programme Review Committee (PPRC) to consider the revised paper mentioned above, excluding the issues of the effect of the 50 per cent cap on the MIEs and the granting of an additional US\$ 5 million for regional projects;
- (c) Request that the Ethics and Finance Committee (EFC) consider the revised paper mentioned above specifically with respect to the issues of the effect of the 50 per cent cap on the MIEs and the granting of an additional US \$5 million for regional projects; and
- (d) Taking into account the recommendations of the EFC and the PPRC, consider developing a policy on the approval of regional projects and programmes at its 17th meeting.

(Decision B.16/28)

11. In the 8th meetings of the PPRC and EFC, the secretariat presented the revised document AFB/PPRC.8/3 / AFB/EFC.8/11, responding to the requests made by the Board in its 16th meeting. The document was discussed by both committees, and following their reports to the Board, the issue was discussed in the Board plenary session. The Board decided to:

- (a) Request the secretariat to consult with accredited and applicant RIEs on their plans for regional projects/programmes and to inform the EFC at its next meeting of the substance of these discussions; and
- (b) Request Board members and alternates to submit their views to the secretariat on issues related to regional projects/programmes by 1 May 2012, and to form a working group to follow up on this issue that would include Mr. Philip S. Weech (coordinator), Ms. Ana Fornells, Mr. Ricardo Lozano Picon, Ms. Angela Churie-Kallhauge and Mr. Mamadou Honadia.

(Decision B.17/20)

12. A reminder regarding the Board decision (b) above was sent by the secretariat to Board Members and Alternates on April 24, 2012. However, no substantial suggestions were received from the members by the deadline.

13. After the deadline, two members of the working group shared their views among the working group, particularly on two topics: a) whether National Implementing Entities (NIEs) should be allowed to implement regional projects/programmes, and b) whether cooperation among NIEs implementing national projects should be encouraged. These are summarized below.

II. Possibility of National Implementing Entities implementing regional projects and programmes

14. The ability of an NIE to operate at the regional level depends on its legal status and its ability to oversee and monitor the implementation of the activity in the country or region proposed. Specifically, the geographical scope of the operations of the proposed IE is an important aspect, i.e. whether or not it can function in the country or region as stated. The accreditation of an NIE is for national activities and not for regional activities. Therefore, if an NIE should wish to undertake regional activities, it should then resubmit an application to be considered a regional entity, which would then clarify its ability to serve beyond the country for which it has been accredited.

15. Specifically, it was suggested that an NIE would need to meet the following criteria in order to be considered an RIE:

- (a) The RIE should have experience in management/implementation of regional projects: This experience can be with regional organizations or with international entities like GEF;
- (b) The RIE should have experience in implementing environmental projects;
- (c) At least some countries in the region should express support to the RIE through a letter from their Designated Authorities;
- (d) Both the Designated Authorities and Ministries of Foreign Affairs should endorse use of the RIE; and
- (e) The RIE should have the technological capacity for exchanging information, such as ability to arrange videoconferences and teleconferences, maintaining web sites (including web forums and chats), having necessary information systems, etc

III. Cooperation of NIEs in implementing projects and programmes

16. NIEs implementing national projects should be welcomed to cooperate across borders, as far as such cooperation is in compliance with the respective project agreements the NIEs have made with the Adaptation Fund Board. Such cooperation would not need to be specifically endorsed by the Board, as it would be an arrangement between the two entities. Such cooperation could include assisting each other with project development, sharing experiences on monitoring and oversight, and so on. Therefore, the Board would not need to be involved in determining how the countries communicate and on what topics.