



ADAPTATION FUND

AFB/B.19/3
10 December, 2012

Adaptation Fund Board
Nineteenth Meeting
Bonn, Germany, 13-14 December 2012

Agenda item 4

REPORT ON ACTIVITIES OF THE SECRETARIAT

Background

1. This report lists the activities undertaken by the Adaptation Fund Board secretariat during the period of June, 2012 - December, 2012, between the 18th and 19th meetings of the Board.

Finalization and posting of the report of the 18th Board meeting

2. Following the 18th meeting held in Bonn, Germany on 28-29 June, 2012, the secretariat supported the Chair in finalizing the report of the meeting, through both editorial revisions and summarizing its discussions. As agreed by the Board, the report was completed and circulated to Board members and alternates for comments and approval. The Board approved of the report and it was posted on the website of the Adaptation Fund as document AFB/B.18/6.

Preparations for the 19th Board meeting

Meeting Arrangements

3. The secretariat issued letters of invitation to the Board members and alternates, and facilitated visa arrangements with the assistance of the Government of Germany.

Meeting documents

4. The secretariat, working closely with the Board and Committees Chairs and Vice-Chairs, and the trustee, prepared the documents for the 19th Board meeting and for the 10th meetings of the Project and Programme Review Committee (PPRC), and of the Ethics and Finance Committee (EFC).

5. Documents for the PPRC meeting include AFB/PPRC.10/3, Options for the engagement of the scientific community in providing inputs on project/programme proposals, which explores options for involvement in AFB activities by members of the scientific community, including fundamental and applied sciences, as well as the social and economic sciences; AFB/PPRC.10/4 Report of the secretariat on initial screening/technical review of project and programme proposals, which outlines the screening/technical review process undertaken by the secretariat; and AFB/PPRC.10/5 Prioritization of projects in the pipeline: submission dates, which, given limited funding for MIEs, presents options for prioritizing proposals by determining the submission dates of projects waiting in a funding "pipeline."

Further, 12 project/programme documents with their corresponding technical reviews, and one Project Formulation Grant document, have been prepared:

- AFB/PPRC.10/6 Proposal for Jordan (MOPIC)
- AFB/PPRC.10/6/Add.1 Project Formulation Grant for Jordan (MOPIC)
- AFB/PPRC.10/7 Proposal for Niger (BOAD)
- AFB/PPRC.10/8 Proposal for Togo (BOAD)
- AFB/PPRC.10/9 Proposal for Argentina (The World Bank)
- AFB/PPRC.10/10 Proposal for Cuba (UNDP)
- AFB/PPRC.10/11 Proposal for Ghana (UNDP)
- AFB/PPRC.10/12 Proposal for Guatemala (UNDP)

AFB/PPRC.10/13 Proposal for Mauritania (WMO)
 AFB/PPRC.10/14 Proposal for Myanmar (UNDP)
 AFB/PPRC.10/15 Proposal for Seychelles (UNDP)
 AFB/PPRC.10/16 Proposal for Sri Lanka (WFP)
 AFB/PPRC.10/17 Proposal for Uzbekistan (UNDP)

6. An information document, AFB/PPRC.10/Inf.1 Revised Instructions for Preparing a Request for Project/Programme Funding was also prepared, following a request by the Board to update the said document to include complementary communications activities such as media outreach and dissemination within the Knowledge Management component¹ and to clarify the separation between project execution and implementing services.²

7. Among the documents prepared for the EFC meeting are AFB/EFC.10/3 Investigative procedure and AFB/EFC.10/3/Add.1 Terms of reference for investigative consultants. These two documents have not been cleared by the World Bank legal counsel and thus have not been posted on the website. Other documents are AFB/EFC.10/4 Annual performance report 2012; AFB/EFC.10/5 Report of the learning mission to Senegal, which documents a visit that the secretariat undertook in early November to the three sites targeted by the programme; AFB/EFC.10/6 Revised standard legal agreement, which aligns the approval of project/programme annual performance reports with the disbursement of funding tranches; and AFB/EFC.10/7 Adaptation Fund Trust Fund: financial report prepared by the trustee, containing updates on CER sales, the Fund's asset mix and investment income, available resources, and funding decisions as of 30 September 2012.

The three information documents prepared for the EFC are:

AFB/EFC.10/Inf.1 Reconciliation of the Board and secretariat, and trustee administrative budget for fiscal year 2013
 AFB/EFC.10/Inf.2 Report on the learning mission to Ecuador
 AFB/EFC.10/Inf.3 Secretariat and trustee's joint report on the status of the pipeline

8. Documents for the 19th Board meeting include the usual secretariat and Accreditation Panel reports (AFB/B.19/3 and AFB/B.19/4); document AFB/B.19/5, Strategic prospects for the Adaptation Fund; and the following information documents:

AFB/B.19/Inf.1 List of documents
 AFB/B.19/Inf.2 Adaptation Fund Board members and alternates
 AFB/B.19/Inf.3 List of observers
 AFB/B.19/Inf.4 Trustee Presentation: Update on Status of Resources and CER monetization
 AFB/B.19/Inf.5 Knowledge Sharing Guidelines
 AFB/B.19/Inf.6 Draft Agenda of the Civil Society Dialogue at the 19th AFB Meeting
 AFB/B.19/Inf.7 International Aid Transparency Initiative background documents

Membership of the Board

¹ Decision B.18/26

² Decision B.18/30

9. In intersessional decisions, Mr. Ilhomjon Rajabov (Tajikistan, Asia) was appointed as an Alternate member (Decision B.18-19/1), filling a seat left vacant by Ms. Tatyana Ososkova (Uzbekistan, Asia) at the seventh Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP7) and Mr. Waduawette Lekamalage (W.L.) Sumathipala (Sri Lanka, Asia) was appointed as a Board member (Decision B.18-19/14), filling a seat left vacant by Ms. He Zheng (China, Asia) at CMP7.

Intersessional decisions approved by the Board

10. The secretariat, in consultation with the Board Chair and Vice-Chair, prepared and circulated 20 draft decision texts, of which 20 were approved by the Board during the intersessional period:

- Decision B.18-19/1: Appointment of Alternate Board Member representing Asia, August 29, 2012
- Decisions B.18-19/2-9: Adoption of the Adaptation Fund Board's Decisions on the Performance Review of the secretariat and Trustee, September 3, 2012.
- Decision B.18-19/10: Adoption of the Adaptation Fund Board's Report to CMP8, September 3, 2012
- Decision B.18-19/11: CER Monetization Guidelines: Proposed Exception to Permit CER Sales Directly to the UNFCCC Secretariat, 14 September 2012
- Decision B.18-19/12: Report on Project/Programme Implementation: Centre de Suivi Ecologique, September 25, 2012
- Decision B.18-19/13: Learning mission of the AFB secretariat to the programme implemented by CSE (Senegal), September 27, 2012
- Decision B.18-19/14: Appointment of Board Member Representing Asia, October 24, 2012
- Decision B.18-19/15-17: Appointment of Accreditation Panel Expert Members/Amendment of the Terms of Reference of the Accreditation Panel/Amendment of the Budget, 29 October 2012
- Decision B.18-19/18: Agreements between the Adaptation Fund Board and the United Nations Foundation for the collection of online donations, 31 October 2012
- Decision B.18-19/19: Accreditation of the "Agence de Développement de l'Agriculture" (ADA) of Morocco, on November 13, 2012
- Decision B.18-19/20: Accreditation of "Fundecooperación para el Desarrollo Sostenible" of Costa Rica, 19 November, 2012

11. These decisions can be accessed on the website by clicking the green "Documents and Publications" tab followed by the "Intersessional Decisions" tab in the menu.

Implementation of decisions adopted by the Board at its 18th meeting and during the ensuing intersessional period

Communication of Board decisions on accreditation and project proposals

12. The secretariat issued letters to applicant implementing entities' coordinators informing them of the Board decisions on accreditation of implementing entities and project proposals submitted.

Delays in commencing Eritrea project

13. At its 18th meeting the Board considered delays in the startup of the proposal “Climate change adaptation programme in water and agriculture in Anseba region in Eritrea.” The United Nations Development Programme (UNDP), which is the implementing entity, 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. According to the report the inception workshop had taken place on November 6.

The 50 percent cap on the funding of projects from MIEs

14. *Following the Board’s approval of projects and programmes at its 18th meeting, the funding decisions for projects and programmes submitted by MIEs amounted to 49 percent of the sum of all project and programme funding decisions and available funds, however, during the intersessional period the available funds in the Adaptation Fund Trust Fund increased with a contribution from the Government of Sweden and continued CER monetization. As of December 4, 2012, the approved MIE projects and programmes represent 45.6 percent of project resources. The 4.4 percent available under the 50 percent cap for projects and programmes submitted by MIEs is equivalent to US\$13.43. No new project or programme funding decisions were made during the intersessional period.*

Outreach and dissemination for projects and programmes (see decision B.18/26)

15. The secretariat has produced a set of Knowledge Sharing guidelines for project/programme proponents.

Investigative Procedure

16. The Board at its 16th meeting considered a document prepared by the secretariat on how to trigger a review or an investigation, including procedures to address cases of financial mismanagement.³ Following consideration of the document above, and following the recommendation of the EFC, the Board decided to request the secretariat to present a proposed investigative procedure for consideration at the next EFC meeting, including the cost implications of implementing the proposed procedure and taking into account any possible conflicts of interest.⁴ 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 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.⁵ The secretariat has produced the requested documents (AFB/EFC.10/3 & AFB/EFC.10/3/Add.1). The World Bank legal advisor has reviewed the document and conferred with the Bank’s management.. The WB legal advisor will be making a presentation to the EFC on a proposed way forward. For that reason the documents have not been posted on the website.

³ Document AFB/EFC.7/5.

⁴ Decision B.16/22.

⁵ Decision B.18/27.

Implementing Entities fees

17. The secretariat communicated to designated authorities and multilateral implementing entities the Board decision B.18/30 to confirm, as a principle, the separation between implementing and execution services, and the further definitions included in the decision. The secretariat also requested any Multilateral Implementing Entity currently providing such services to review its portfolio of projects/programmes and report to the Board on how the decision under (a) is being implemented. The Board has approved project funding to three MIEs: UNDP, UNEP and WFP. UNDP reported on its projects by e-mail on December 3, 2012, provided in Annex I to this report. WFP informed the secretariat by e-mail on December 7, 2012, that for its two projects approved in the 16th meeting, for Egypt and Mauritania, no part of the projects would support WFP staff or execution and all project operational costs would go to project-related activities which are executed by the governments and their partners. However, WFP noted that its first project, approved for Ecuador in the 13th meeting, explicitly requested limited support for WFP execution, and that WFP was in the process of confirming the planned use of this money in light of decision B.18/30. In the case of UNEP, the secretariat has not received similar report, nor has it received confirmation that any of the three approved projects had started.

Implementation of the Code of Conduct

18. The Board at its 17th meeting decided to request accredited implementing entities to abstain from providing assistance to Board members/alternates for lobbying activities that may undermine the integrity and professionalism of the Board's work, and also requested the secretariat to consider draft amendments to the code of conduct for consideration at the 10th EFC meeting.⁶ The secretariat concluded that guidance from the Board would be required on the following issues: a) definition of "lobbying activities" and b) internal procedure at the EFC/Board level to deal with such cases. In addition, under this agenda item EFC members can raise any issues related to the implementation of the code of conduct for deliberation by the EFC. At its 18th meeting the Board decided to: (a) Reconfirm that the issue of lobbying is addressed under the current code of conduct; (b) Request Board members to submit their views on how to address cases of lobbying through the implementation of the code of conduct, including an internal procedure to deal with such cases, by 31 August, 2012; and (c) Request the secretariat to submit to the 10th meeting of the EFC a proposal on how to strengthen the implementation of the code of conduct with respect to lobbying, taking into account the comments made by EFC and Board members during the discussion of this agenda item and their views submitted intersessionally. The secretariat did not receive any comments from Board members as of the date of issuance of this document.

Private donations

19. In consultation with the Board Chair and Vice-Chair, a Donation Agreement between the United Nations Foundation and the International Bank for Reconstruction and Development, as Trustee for the Adaptation Fund was finalized. The agreement established the terms and conditions for the transfer by the UNF to the trustee of the collected funds (donation) to the Adaptation Fund Trust Fund. A framework agreement between the AFB and the UNF was also finalized. It establishes a cooperation framework

⁶ Decision B.17/22.

between the AFB and UNF; the areas of cooperation (collection of online donations, public outreach); the utilization of the funds raised and the fees for UNF (13% of the funds raised, as anticipated during the 17th Board meeting). A model grant agreement was also signed between the AFB and UNF. It outlines the reciprocal rights and obligations of both parties with respect to the monies collected (the grant), and the restriction of the use of grant funds to specific activities.

20. The framework agreement was signed by the Board Chair on October 5, 2012, and the partnership was launched in Doha, Qatar during the 18th Conference of the Parties of the United Nations Framework Convention on Climate Change. The donations links on the Fund and UNF websites are already active.

Learning mission to Senegal

21. The Board at its 17th meeting decided to approve and make a budgetary allowance for a learning mission to the programme “Adaptation to coastal erosion in vulnerable areas of Senegal” implemented by the national implementing entity (NIE) Centre de Suivi Ecologique (CSE).⁷ The Board approved the terms of reference for the mission during the intersessional period.⁸ The learning mission took place from November 5 to 9, 2012. The secretariat will present the report contained in document AFB/EFC.10/5 for consideration by the EFC. The mission team consisted of Mr Daouda Ndiaye and Mr Mikko Ollikainen, Adaptation Officers from the secretariat. It was carried out from November 4 to November 9, 2012, in Dakar, and the three programme sites Rufisque, Joal and Saly.

Participation by the secretariat in the climate change talks

22. A new session of the dialogue with donor countries was held on 27 November 2012 in the margins of CMP18/COP8. Representatives of Australia, Germany, Japan, Sweden, the United Kingdom and the Brussels Capital Region attended. Representatives of the secretariat provided an update on the status of resources, the accreditation process, project approvals and latest developments of the Fund.

23. The secretariat organized a side event on 30 November 2012 at the COP18/CMP8 premises in Doha, Qatar in collaboration with the Adaptation Fund NGO Network. Representatives of the partner organizations in the NGO network gave presentations on case studies about the Fund’s project implementation. The event was well attended and was covered by the publication Environmental Negotiations Bulletin on the side

24. The secretariat also participated in events organized by the World Resources Institute and African Development Bank, and attended the launching of the UNFCCC Momentum for Change Initiative, which recognized the programme “Adaptation to coastal erosion in vulnerable areas of Senegal” with an award.

25. The secretariat also had an exhibit booth at the Qatar National Convention Center (QNCC) for the entire two weeks of the COP18/CMP8. Publications were displayed and awareness-raising materials (including USB drives, t-shirts, tote bags, and pens) were

⁷ Decision B.17/16.

⁸ Decision B.18-19/13

distributed. A representative of the secretariat was also present each day to answer questions and interact with delegates.

Communications and Outreach

26. The secretariat produced and has begun to circulate electronically a brochure for the purposes of fundraising, containing relevant information about priorities, achievements, and funding needs. The secretariat has also continued making improvements to the website to aid transparency and usability, while bolstering its social media following on Twitter and facebook through regular updates of Fund activities (missions, workshops, accreditations, meeting dates, etc.), mass e-mailings, and its second photo contest. All members of the secretariat have been steadily distributing T-shirts, pens, notebooks, USB drives, and folders displaying the AF logo. The secretariat has also been gathering and featuring on the Fund's website project-related media such as videos and news articles. These materials have been collected through web searches and by encouraging implementing entities to share them.

Support to the Accreditation Panel

27. The secretariat worked closely with the Panel Chair and Vice-Chair and assisted the Panel in its discussions. The 11th Panel meeting was held September 24-25 in Washington, DC. The secretariat also assisted the Panel in finalizing its report.

28. The secretariat continued screening applications for accreditation from Parties and regional and multilateral organizations and development banks. As of the date of issuance of this document and after the last Board meeting, the secretariat received new requests for accreditation from two national entities and one regional organization. One new accreditation application from a national entity was forwarded to the Panel for review at its 10th meeting. The secretariat requested applicants whose applications were unfinished (and thus not forwarded to the Panel) to complete the information and supporting documentation.

29. Since the inception of the accreditation process, the secretariat has received and screened **67** applications: 49 from non-Annex I Parties, six from regional organizations and 12 from multilateral organizations and development banks. The Panel has so far reviewed 42 applications: 25 from non-Annex I Parties, five from regional organizations and development banks, and 12 from multilateral organizations and development banks.

30. In intersessional decisions, Fundcooperación Para el Desarrollo Sostenible of Costa Rica and the Agency for Agricultural Development of Morocco were both accredited as National Implementing Entities.

Table 1: Status of accreditation applications submitted to the secretariat as of November 2012

	NIE	RIE	MIE
Accredited	14	1	10
Not accredited	5	0	0
Under review by Accreditation Panel	7	4	1

Screened by secretariat pending completion of accreditation application	0	1	0
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(Table does not include unscreened, withdrawn, or closed applications)

31. A recruitment process to select new expert Panel members was undertaken following the resignation of one of the experts. The Board decided to approve an amendment to the *Terms of Reference for the Establishment of the Adaptation Fund Board Accreditation Panel* to increase the membership of the Panel, from three members to four to account for the heavy work of load of the expert members and to increase the geographic reach of the Panel (Decision B.18-19/16).

32. Ms. Angela Victoria Palacio and Mr. Godfrey Tumusiime were appointed as Expert Members of the Accreditation Panel in November 2012 (Decision B.18-19/15).

Screening/technical review of project/programme proposals

33. The secretariat screened and prepared technical reviews of the 12 project proposals received during the reporting period. Additional three proposals were reviewed initially but were withdrawn by their proponents. In performing this task, the dedicated team of officials of the secretariat was supported by GEF secretariat technical staff.

Staffing

34. During the reporting period, Ms. Dima Reda joined the secretariat on October 19, 2012 as Operations Officer (Accreditation and Results-Based Management) following the departure of Mr. Marcelo Jordan. Mr. Daniel Gallagher joined the secretariat on October 1, 2012 as a Junior Professional Associate following the conclusion of the two year non-renewable contract of JPA/Adaptation Associate Ms. Shyla Raghav, in accordance with World Bank rules. The Board also decided to appoint Ms. Angela Victoria Palacio and Mr. Godfrey Tumusiime as Expert Members of the Accreditation Panel.

Annex I: E-mail from UNDP, on December 3, 2012, regarding Board decision B.18/30.

From: Adriana Dinu <adriana.dinu@undp.org>
To: "secretariat@adaptation-fund.org" <secretariat@adaptation-fund.org>
Cc: Yannick Glemarec <yannick.glemarec@undp.org>, Stephen Gold <stephen.gold@undp.org>, Pradeep Kurukulasuriya <pradeep.kurukulasuriya@undp.org>, Andrew Raine <andrew.raine@undp.org>
Date: December 3, 2012 at 5:00 PM
Subject: AFB Decision B.18/30

Dear AFB Secretariat,

Further to your request regarding the AFB decision B.18/30, we are pleased to provide the following update. UNDP has strict policies on when and how 'execution services' – referred to in UNDP as Direct Project Services (DPS) or Implementation Support Services (ISS) – are provided. In accordance with current UNDP cost recovery policy, such services are only provided upon the specific request of the Executing Entity (referred to in UNDP as the 'Implementing Partner') and they are to be documented in a written agreement. Furthermore, the costs of any DPS incurred by UNDP are to be recovered only on the basis of estimated actual costs expected to be incurred, or on a per-transaction basis using the UNDP Universal Price List (UPL) or the Local Price List costing template. Project assurance and oversight costs - for which UNDP receives a management fee from the AF – are not recovered from project budgets. We would be happy to provide further documentation and information on UNDP cost recovery policy as requested.

UNDP has recently revised its cost recovery policy on DPS and it is now materially aligned with the requirements of the AFB as outlined in Decision B.18/30. We can confirm that for AF projects under implementation, any DPS will be supported by a written request of the recipient country, involving Designated Authorities in the process, and stating the exceptional reasons/rationale for such a request. The estimated costs of the DPS shall be within the execution costs component of the project. At this point in time, we can confirm that the following countries have not requested UNDP to provide DPS for their AF projects: Columbia, Cook Islands, Mauritius, Nicaragua, and Samoa. We are still awaiting final information with respect to Eritrea, Djibouti, Georgia, Honduras, Maldives, Mongolia, Nicaragua, Pakistan, Papua New Guinea, and Turkmenistan. We will provide consolidated information regarding these countries to the AFB as soon as it is obtained.

Best,

Adriana

 <p>Empowered lives. Resilient nations.</p>	<p>Adriana Dinu Deputy Executive Coordinator UNDP - Global Environment Facility United Nations Development Programme 304 East 45th Street, FF 914 New York, NY 10017, USA adriana.dinu@undp.org Tel: +1 (212) 906-5560; Mobile: + 1 202 460 5118</p> <p>www.undp.org Follow us:    </p> <p><i>Please consider the environment before printing this email.</i></p>
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