



ADAPTATION FUND

AFB/B.8/13/Rev.1
December 9, 2009

ADAPTATION FUND BOARD

Eighth Meeting
Bonn, 16 to 18 November, 2009

REPORT OF THE EIGHTH MEETING OF THE ADAPTATION FUND BOARD

INTRODUCTION

1. The eighth meeting of the Board of the Adaptation Fund of the Kyoto Protocol was held at the 'Langer Eugen' UN Campus in Bonn from November 16 to 18, 2009. The meeting was convened pursuant to Decision 1/CMP.3 adopted at the third Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP).
2. The full list of the members and alternates, nominated by their respective groups and elected pursuant to Decisions 1/CMP.3, and 1/CMP.4, and participating at the meeting, is attached as Annex I to the present report. A list of all accredited observers present at the meeting can be found on the Adaptation Fund website at <http://www.adaptation-fund.org/documents.html>.
3. The meeting was broadcast live through a link on the websites of the Adaptation Fund and the United Nations Convention to Combat Desertification (UNCCD). The UNCCD secretariat had also provided logistical and administrative support for the hosting of the meeting.

Agenda Item 1: Opening of the Meeting

4. The meeting was opened at 9:15 a.m. on Monday, 16 November 2009, by the Chair of the Adaptation Fund Board, Mr. Jan Cedergren (Sweden, Western European and Others Group), who greeted the members and alternates to the Board, and welcomed all the participants at the eighth meeting of the Adaptation Fund Board, many of whom had travelled to Barcelona where they had attended United Nations Climate Change Talks. The Chair reminded the participants of the achievements of the Board, which would provide a good example for the negotiations that would take place in Copenhagen. He said that it was important to keep the Adaptation Fund high on the agenda of that meeting and remind the Parties that the Adaptation Fund now had the necessary framework in place to complete its mandate. The Chair also informed the Board that although the Vice-Chair of the Adaptation Fund Board, Mr. Farrukh Iqbal Khan (Pakistan, non-Annex I Parties) had been unable to attend the meeting, he would be

following the deliberations as they were broadcast over the internet and would intervene, as needed, by telephone.

Agenda Item 2: Organizational Matters

(a) Adoption of the Agenda

5. The Board considered the provisional agenda contained in document AFB/B.8/1, and the provisional annotated agenda contained in document AFB/B.8/2. Several members asked for a report on the status of the preparations for the fifteenth Conference of the Parties to the United Nations Framework Convention on Climate Change (COP) that would take place in Copenhagen in December 2009. The Chair said that he would invite a member of the Board who had attended the meeting in Barcelona to make a presentation on the state of the preparation for the Conference of the Parties under the Agenda Item 12 'Other Matters'. The Board adopted the Agenda as contained in Annex II to the present report.

(b) Organization of Work

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

7. The Chair called upon the members and alternates to orally declare any conflict of interest that they might have with any item on the agenda for the meeting. No conflicts of interest were declared by any member or alternate present.

Agenda Item 3: Report of the Chair on Intersessional Activities

8. The Chair reported on his activities during the intersessional period, which had included making presentations on the work of the Adaptation Fund Board at meetings of the European Union, the Presidency of which is presently being held by Sweden. As a result of those efforts, the climate change negotiators for the European Union now had a better understanding of the work of the Adaptation Fund. The Chair had also finalized the report of the seventh meeting of the Board and the terms of reference of the Accreditation Panel and, with the help of the Secretariat, letters of invitation had been sent to potential implementing entities. The Chair had also reviewed the brochure and handbook that would be presented at a side-event during the fifth CMP and had published an article about the Adaptation Fund entitled "The Adaptation Fund – Where is it Heading?" in Climate-L.org on 26 October 2009. A decision on the legal capacity of the Board had also been circulated and adopted, intersessionally, and the Chair had held a conference with the Trustee by telephone on the issue of CER monetization.

Agenda Item 4: Report on the Activities of the Secretariat

9. The Manager of the Adaptation Fund Board Secretariat reported on the activities of the Secretariat during the intersessional period, which were fully described in document AFB/B.8/3. She informed the Board that a letter regarding potential implementing entities had been sent on 6 October 2009 to all eligible Parties to the Kyoto Protocol, as well as to the heads of multilateral development agencies and banks. A list of those multilateral agencies and banks is attached as Annex III to the present report. No complete accreditation applications had been received from Parties as at the present meeting. She explained that the Secretariat had received emails from the Parties requesting the nomination of entities without the required information on fiduciary standards. Requests for that information, together with information on how to complete the application process, had been sent out to those who had made inquiries.

She further reported that a number of multilateral agencies and banks had expressed interest although only one, the World Bank, had submitted complete information on its fiduciary standards as at 6 November 2009. A number of non-governmental organizations (NGOs) had expressed interest in acting as implementing entities. She also introduced the improved website of the Adaptation Fund which was expected to be operational by the end of 2009.

10. Several members asked for clarification on the status of the implementing entities, and one member reminded the Board that the letter of invitation had only recently been sent to Parties and that consultations often took time. Although it was felt that responses could be expected from Parties in the near future, it was also suggested that the Secretariat also send a reminder of the invitation as well as copies of the notification to the members of the Board. Some members also expressed concern over the possibility that NGOs might act as implementing entities, while other members asked whether it would be possible for a Party to initiate projects using a multilateral implementing entity and then switch to a national implementing entity, once a national implementing entity had been accredited. One member also asked that regional balance be taken into consideration when hiring any additional staff for the Secretariat. The Adaptation Fund Board Secretariat Manager assured the Board that although there were currently no positions available, the Secretariat would take that into consideration when hiring staff in the future.

11. The Chair explained that it would be possible for Parties to change from using a multilateral implementing entity to a national implementing entity, once they were available.

12. The Adaptation Fund Board Secretariat Manager also said that during the intersessional period she had participated in the 36th meeting of the Council of the Global Environment Facility, which had taken place from 10 to 12 November in Washington, during which she had reported on the work of the Adaptation Fund Board.

Agenda Item 5: CER Monetization

13. The Board heard a presentation by the Trustee on the CER Monetization Programme. The presentation included an overview of developments in the CER markets, a review of the CER Monetization Guidelines approved by the Board at its fourth meeting (Annex IV of document AFB/B.4/11), and an update on the status of CER sales by the Trustee for the Adaptation Fund. The Trustee explained that the current CER price had been influenced principally by four circumstances. Factors supporting CER prices included a decrease in the number of new projects being approved, and a number of buyers having to buy CERs on the spot market to cover their positions in the futures market. Factors depressing prices included Poland and Estonia winning their court case in front of the EU Court of First Instance over a request for an additional allocation of EUAs. That result had taken the markets by surprise and, as CERs track the price of EUAs, the price of CERs had temporarily decreased as well. Another factor that had also tended to have a negative impact on the market price of EUAs was that it appeared that, as a result of the recent recession, European buyers, as a whole, may not need to buy additional carbon credits to meet their 2012 obligations. The Trustee also provided the Board with an overview of the Board-approved CER Monetization Guidelines governing CER sales by the Trustee, along with the objectives of the monetization programme, which were: i) to ensure predictable revenue flow for the AF, ii) to optimize revenues while limiting risks, and iii) to enhance transparency and monetize the share of proceeds in the most cost effective and inclusive manner. The Trustee reminded the Board that the Guidelines instruct the Trustee not to attempt to time the market when making sales, and that the aim was to make sales at the daily market price that would have a minimal impact on the market price. The Guidelines also

stipulated keeping two months inventory of CERs (about one million tons) and to make regular sales of CERs from the stock held in excess of that amount. In addition, once the inventory of CERs rose to about four million tons, the Trustee would engage in over the counter transactions in order to reduce that inventory. Finally, the Trustee would return to the Adaptation Fund Board for additional guidance in the event of extraordinary market conditions.

14. In response to a question about transaction costs, the Trustee explained to the Board that while no commissions were paid for the over-the counter (OTC) sales of CERs, there was a fee for trading on the BlueNext Exchange.

15. In response to questions about the issue of Poland and Estonia, the Trustee explained that the case was cited only to demonstrate the temporary impact on CER prices.

16. The Chair thanked the Trustee for his presentation and reminded the Board that it had provided guidance to the Trustee, in light of extraordinary economic conditions, to take a cautious approach to the sale of CERs. However, the report of the Trustee indicated that there had been a recovery in the price of CERs and it was now time to return to the normal pace of sales as outlined in the CER Monetization Guidelines, as approved at the fourth Board meeting, in order to have funds available to finance projects.

17. The Board took note of the presentation by the Trustee and of the return to a normal pace of CER sales.

Agenda Item 6: Status of membership of the Board (2010-2011)

18. The Manager of the Adaptation Fund Board Secretariat introduced the agenda item *Status of Membership of the Board (2010-2011)* which had been added to the agenda at the request of the Chair. She referred to paragraph 5 of the Rules of Procedure of the Adaptation Fund Board, according to which each member and alternate was eligible to serve two consecutive terms on the Board. The mandates of all current members and alternates would expire by December 31, 2009, and new members and alternates would be formally elected by the CMP in Copenhagen. The Chair asked the Board members and alternates to provide feedback on their possible future service on the Board.

19. All members and alternates present at the meeting were able to confirm that their respective governments were interested in their renewal of the Board membership, and also, that their respective constituencies were already discussing the issue. However, the actual selection of members and alternates would take place during the negotiations in Copenhagen.

20. Another issue concerned a possible gap in the chairmanship of the Board. According to the Rules of Procedure of the Board, the Chair and the Vice-Chair of the Board were elected by the Board from among the Board members for a term of one calendar year, with an alteration of office of Chair and Vice-Chair between the representatives from Annex I and Non-Annex I Parties. However, as the first meeting in a year usually took place in March, there would be a gap in chairmanship which might have a negative impact on the work of the Board.

21. The Chair therefore proposed, following the precedence set at the fourth meeting of the Board, in decision B.4/5, that the Board consider amending the Rules of Procedure of the Board in a way that would allow the Chair and the Vice-Chair to stay in their positions until the first meeting of a calendar year in order to avoid any possible gap in chairmanship. In that regard, it was suggested that the term of service of all Board members and alternates also be aligned

with the terms of office of the Chair and the Vice-Chair, following the precedence set-up by other bodies established under the Kyoto Protocol.

22. The Board decided to submit to the fifth Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol a proposal to amend the Rules of Procedure of the Adaptation Fund Board to allow the Chair and the Vice-Chair to continue in those offices until the first meeting of the year and to align the term of service of the members and alternates of the Adaptation Fund Board with the term of the Chair and the Vice-Chair. The text of the draft amendment to the Rules of Procedure, as adopted by the Board, is contained in Annex IV to the present report.

(Decision B.8/1)

Agenda Item 7: Issues remaining from the Sixth Meeting of the Adaptation Fund Board

(a) *Establishment of the Accreditation Panel: Selection of Experts*

23. A representative of the Secretariat introduced document AFB/B.8/5, *Establishment of the Accreditation Panel: Short-list of experts*. The document described the process of selection of external experts to serve as members of the Accreditation Panel. She said that the Secretariat had issued a call for experts on October 2, 2009 and had requested applications that conformed with the terms of reference which had been circulated by the Secretariat through the International Accounting Standards Board as well as through the International Accreditation Forum and its 60 national Accreditation Body Members. The Secretariat had received 50 applications, of which 19 had met the minimum requirements. Following a second screening process, during which eight candidates were selected, the Secretariat was able to conduct short interviews with those eight candidates to better assess each person's strengths. The summaries of each of the candidates' qualifications, together with their nationality, was being submitted to the Board for its consideration, together with the budget estimate for the services of the three experts that would be selected by the Board from among the short-list.

24. Several members noted the high qualifications and skills of the candidates and the broad working experience and specialties represented in the short-list. Some asked whether the Board should also select an additional three in case the first three selected should decline the offer. Other members suggested that there needed to be greater regional balance among the names selected to be on the short-list, and several members regretted that no candidate from Latin American and Caribbean region appeared on the short list. One member also asked for clarification as to the amount of US\$ 310,000 being allocated for the experts. The Secretariat explained that it was the total sum for all experts and not for each expert.

25. The Vice-Chair of the Board, who was following the deliberations online, also intervened on the subject by telephone. While the Vice-Chair welcomed the possibility to follow the live webcast from the Board meeting and make an intervention, he expressed his regret over not being able to follow the statements made by all Board members, as only the original language of the speaker was being broadcast, and there was no possibility to listen to the interpretation.

26. Following the discussion, the Chair asked the Secretariat to provide to the Board a list of all the applicants for the positions, together with their country of origin. The Secretariat distributed the complete list of applicants in the meeting. The Chair also asked Mr. Anton Hilber (Switzerland, Western European and Others Group), Mr. Jerzy Janota Bzowski (Poland, Eastern Europe), Mr. William Agyemang-Bonsu (Ghana, Non-Annex I Parties) and Mr. Octavio

Perez Pardo (Argentina, Latin America and the Caribbean Group), two of whom were members of the Accreditation Panel, to form a working group to consider the short-list of applicants and to report back to the Board with a recommendation for action. The working group was also to be provided with the details about the experts from Latin America who had met the initial requirements for the position and was to consider their applications together with the applications short-listed by the Secretariat.

27. At a subsequent session of the Meeting, the Board heard a report from Mr. Agyemang-Bonsu. In his report he said that the working group had, with the assistance of the Secretariat, carefully examined the applications of the candidates. The choice had been difficult because of the need for a regional balance among the best skilled candidates being selected. In the end the group had decided to recommend the following candidates, as listed in document AFB/B.8.5/Rev.1: the candidates from Nepal (candidate number seven), South Africa (candidate number two) and Canada/Netherlands (candidate number eight) to be the three expert members of the Accreditation Panel. However, some of the other candidates had been equally strong, and, in particular, the candidate from India had only narrowly missed being chosen because it was felt undesirable to have two expert members from the same region. Therefore, the working group recommended a further three candidates as alternate expert members of the Accreditation Panel in case any of the experts that had been chosen were unable to serve. It was also recommended that the three alternate experts be ranked in order to indicate who should be chosen first. In view of the strengths of that candidate, it was recommended that, from among the candidates listed in document AFB/B.8/5/Rev.1, the candidate from India (candidate number five) head the list, followed by the candidates from Kenya/USA (candidate number three) and Canada (candidate number one).

28. In response to a number of questions regarding the qualifications of the experts being selected, the members of the working group explained that although some of the experts had experience that was immediately obvious from summaries that had been included in document AFB/B.8/5/Rev.1, their additional experience had been taken into consideration by the working group when making its recommendation to the Board.

29. One member suggested that it was important for the Accreditation Panel to be given the flexibility to call upon the alternate experts in case it suddenly found itself with a large volume of requests for accreditation.

30. It was also mentioned that some countries had found it difficult to prepare the documents that were required to initiate the accreditation process. An example of the accreditation process in one country was presented to the Board. In that case, the ministry of finance had been proposed as the body that could meet the international fiduciary standards. However, it was also important to ensure that the ministry of the environment also signed the agreements.

31. The Chair said that the example given had been useful. He also suggested that it might be possible for countries to approach either UNDP or UNEP for help with preparing for the accreditation process, but he agreed that the issue would need further discussion at the ninth meeting of the Board.

32. Several members were also of the opinion that it was important to achieve a regional balance in the selection of experts and regretted that it had not been possible to select an expert from Latin America and the Caribbean region. That region had a number of experts who were of a similar quality to those selected by the Board and the Secretariat was requested to, in case of future similar calls, send out advertisements in all languages of the United Nations, and

also to disseminate the calls through the Board members into their respective constituencies. The Chair pointed out that practically, advertisements in all UN languages would be very difficult.

33. Other members suggested that it was impossible to have a regional balance among the experts when only three were being selected, especially when the experts were being chosen for their expertise and not as representatives of their regions. Some also thought that such a regional balance could be achieved if the five members of the Accreditation Panel were selected according to regions, and it was suggested that one way to achieve that would be to first select the expert members and then select the two members from the Board. Others thought that it was not possible to compare the two kinds of panel members and that a distinction needed to be drawn between them. As a way forward it was suggested that when a similar selection was to be made in the future, regional balance should be given careful consideration. It was also observed that although it had not been possible to have a regional balance among the expert members serving on the Accreditation Panel, that balance would be achieved over time.

34. The Chair reminded the Board that the two representatives of the Board on the Accreditation Panel were chosen from among the Annex I and Non-Annex I Parties respectively and that under those circumstances it might still not be possible to achieve a regional balance on the Accreditation Panel. The Board should recall that the experts had been chosen for their expertise and that it had been important to get the Accreditation Panel started and to choose its expert members. However, the process could be improved and he assured the Board that the next time experts were to be chosen, a special effort would be made to ensure that the Latin American and Caribbean countries were consulted. The Chair reminded the Board that the working group had been given additional information on the candidates which had helped the group in its recommendation. The Chair said that if the Board wished, additional information could be provided to all the members and alternates, although he also cautioned that it would significantly increase the burden being placed on the Board and the Secretariat in terms of paperwork.

35. Following the discussion the Board decided:

- (a) To appoint candidates seven, two and eight from the list of short-listed candidates in document AFB/B.8/5/Rev.1 as expert members of the Accreditation Panel – the names of these candidates are contained in Annex V to the present report;
- (b) To appoint a further three candidates from the document as alternate expert members of the Accreditation Panel in the event that any of the members selected was unable to serve;
- (c) To select candidates five, three and one from the list of short-listed candidates in document AFB/B.8/5/Rev.1 as alternate experts who were to be appointed to serve in that order if further experts were needed – the names of these candidates are contained in Annex V to the present report;
- (d) To allow the representatives of the Board serving on the Accreditation Panel the discretion to ask one or more of the alternate experts to assist the Panel in case the Panel was confronted with an extraordinary volume of work;
- (e) To approve an amendment of the approved Adaptation Fund Board Secretariat budget for the fiscal year 2010 to include an additional budget line of US\$ 190,000.00 to

cover the fees for the experts, an additional budget line of US\$ 90,000 to cover the travel expenses of the experts, and an additional budget line of US\$ 28,000 to cover a contingency fee for the experts, for a total of US\$ 308,000; and

- (f) To approve a further amendment to the approved Adaptation Fund Board Secretariat budget for the fiscal year of 2010 to include an additional budget line of to cover the fees and travel expenses for any of the alternate experts which would represent twenty per cent of the total amount of \$US 308,000 that had been approved in subparagraph (e) above, in the case that they are asked to assist the Accreditation Panel with an extraordinary volume of work.

(Decision B.8/2)

(b) *Operational Policies and Guidelines: programme template*

36. The Chair introduced the agenda item *Operational Policies and Guidelines: Programme Template* and asked Mr. Yvan Biot who at the request of the Board had prepared a programme template, as contained in document AFB/B.8/4, for the Board members to consider. Mr. Biot suggested that the already existing project template could also be used as a programme template. In order to do so, some changes would have to be introduced, the structure improved and additional comments provided in the 'instructions for preparing a request'. The two main distinguishing features of Mr Biot's proposal for a programme template are (a) a greater focus on results and (b) a description of how the proposer intends to conduct the design, appraisal, approval and oversight of individual projects considered under the programme. He added that programme proposals would have to be more comprehensive than project proposals. He also suggested that a new element be included in the template, which described the milestones that would help with regular monitoring of progress towards the targets.

37. Several Board members expressed their concern over approving a programme that would not list concrete adaptation activities. Concerns were also raised about a proposal to request executing entities to prove their ability to manage fiduciary risk to the standards adopted by AF, when requesting funds for programmes, noting that this was the responsibility of the implementing entities.

38. Following a discussion, the Board decided to adopt the programme template, as orally amended, and to request the Secretariat to revise the document accordingly, in order that the programme template could be included in the handbook on Adaptation Fund which would be presented at a side-event during the fifth CMP in Copenhagen. The programme template is contained in Annex VI to the present report.

(Decision B.8/3)

(c) *Invitation to eligible Parties to submit project proposals to the Adaptation Fund Board*

39. The Manager of the Adaptation Fund Board Secretariat introduced the *Draft Invitation to eligible Parties to submit project proposals to the Adaptation Fund Board*, contained in document AFB/B.8/6. In her presentation she said that at its seventh meeting the Board had agreed to defer consideration of invitations to eligible Parties to submit project proposals to the Adaptation Fund Board until its eighth meeting. In view of the discussions that had taken place the Secretariat had drafted a possible letter of invitation for the consideration of the Board, to

which could be attached a request for project funding from the Adaptation Fund. The letter would be communicated to all eligible Parties through their Permanent Representations to the United Nations in New York. She also reminded the Board that the Project and Programme Template, approved by the Board at the present meeting, would be attached to the letter.

40. The Chair proposed that the Board consider amending the letter by adding an indication of the Funds that might be available up to 2012, as well as an indication of the possible caps that could be placed on requests for funding and the need to achieve a balance between national implementing entities and multilateral implementing entities.

41. Several members said that additional elements might also be required in the letter, such as the need to achieve a regional balance in the funding of activities. Others noted that it was not yet possible to determine how much funding would be available as further donations might be received from donors. Many also agreed that it was important to make the Adaptation Fund operational as soon as possible, and it was also thought that issuing such a letter would send a strong signal on the activities of the Board to the fifth CMP in Copenhagen. However, others were of the view that sending out the letter at that stage would put the multilateral entities in an advantageous position, as no national implementing entities had as yet been nominated.

42. Following the discussion the Chair said that it appeared that the Board needed more time to consider the issue and deferred further consideration of the matter until the ninth meeting of the Board.

(d) *Legal capacity of the Adaptation Fund Board*

43. Following its decision at its seventh meeting to defer consideration of selecting a host country, the Board took an intersessional decision to select Germany as its host Country (decision B.7-8/1).

44. The Chair congratulated Germany for being selected but he also warmly thanked the government of Barbados for their generous offer. The Chair then invited Mr. Frank Fass-Metz and Mr. Ralph Czarnecki, representatives of the German government, to discuss with the Board the steps that would be followed when granting it legal capacity.

45. The two representatives of the German government thanked the Board for their expression of trust and for having selected Germany. In his statement, he referred to the presentation made to the Board at its sixth meeting, where two possible options of conferring legal capacity to the Board were described. The first, and faster, option would entail a law to be passed by the German Parliament, while the second option would require the conclusion of a Headquarters Agreement between Germany, the Adaptation Fund Board and the United Nations. The German government assumed that the Board would at present prefer to pursue the first, faster option, and had therefore initiated the interministerial process necessary to pass a law in the German government. The whole process should be finalized by the end of 2010, at the latest. However, the representatives of the German government highlighted the fact that the two options were not mutually exclusive. The second option, which would require the involvement of the United Nations, was still possible: the negotiations with the United Nations Office of Legal Affairs were ongoing and the United Nations could become engaged at a later stage. They also reminded the Board that there would be no difference in substance between the two options for the Board when delivering its tasks.

46. During the ensuing discussion, it was agreed that, due to the importance of the matter, the Board should be formally represented by the Chair and the Vice-Chair, and that the Chair and the Vice-Chair would also serve as the focal points between the German government and the Adaptation Fund Board intersessionally. The representatives of the German government further explained that email communication would also be covered by inviolability of documents which is provided to the Board members and alternates, and that the privileges and immunities of the Board members and alternates might only be waived by the Executive Secretary of the UNFCCC. The German government would not seek to host the Secretariat unless the CMP opens that possibility after its revision of the current institutional arrangements in 2010. However, the Secretariat and Trustee staff are already covered by the usual privileges and immunities enjoyed by World Bank staff travelling to Germany on official business.

47. Several members raised concern about a possible delay in the effective work of the Board if it could not be conferred legal capacity before the end of 2010. The Chair informed the Board that he had previously consulted with the Trustee on that issue and one solution identified for the interim period would be the signing of Memoranda of Understanding between the Adaptation Fund Board and the implementing entities rather than entering into contracts with the project proponents. The Trustee would then transfer the funds to the implementing entities at the instruction of the Board.

48. The Chair thanked the representatives of the German government for their update on the process of granting legal capacity to the Board.

Agenda Item 8: Initial Funding Priorities

49. A representative of the Secretariat introduced the documents AFB/B.8/7/Rev.1 and Add.1. The documents were prepared by the Secretariat, as requested by the Chair, and contained the issues related to the funding priorities and allocation of funds that the Board may need to discuss prior to the consideration of the first project proposals.

50. The current formulation of funding priorities had been provided by the CMP as well as by the Strategic Priorities, Policies and Guidelines, adopted by the Board and approved by the decision 1/CMP.4, as well as by the Operational Policies and Guidelines, approved by the Board at its seventh meeting. The representative of the Secretariat pointed out that it was important to distinguish between the allocation of funds among countries or groups of countries, and the prioritization between different projects.

51. During the discussion, the Board clearly expressed its wish to avoid any duplication in funding adaptation projects and agreed that priority should be given to the most vulnerable countries. However, several members expressed their concern about using a vulnerability index for prioritization. According to some members, the Adaptation Fund should be open to all eligible countries while taking into account the regional distribution of funded projects, the population criterion, as well as the funding priorities of other major entities financing adaptation. Funding priorities should also be established according to countries and regions rather than according to sectors. It was also suggested that due to the limited available resources, in the initial funding phase the funds allocation might need to take into account the actual progress of accreditation of the implementing entities, thus favouring Parties with early readiness to implement projects. There was a general consensus that a cap should be introduced which would be both high enough to signal the seriousness of the Adaptation Fund and low enough to allow for a considerable number of projects. Some members suggested a cap of \$US 20 million,

while other members preferred a smaller figure for the cap in order to allow more projects to be funded.

52. Finally, the Board felt that the outcomes of the negotiations at the fifteenth COP and fifth CMP in Copenhagen would have a major influence on the funding priorities of the Adaptation Fund, and it was wiser to await those results and decide upon the issue in question afterwards.

53. The Board decided to request the Secretariat to prepare a new document on funding priorities for the ninth meeting of the Adaptation Fund Board which would reflect both the discussion of the Board and the outcomes of the negotiations at the fifteenth Conference of the Parties to the United Nations Framework Convention on Climate Change and the fifth Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol in Copenhagen.

(Decision B.8/4)

Agenda Item 9: Monitoring and Evaluation

(a) *Results-based management framework for the Adaptation Fund*

54. The representative of the Secretariat introduced the *Results Based Management Framework*, contained in document AFB/B.8/8 that had been prepared pursuant to decision B.7/2 which required the Board to develop a results framework. In her presentation she said that over the past twenty years a number of governments, international organizations, global environmental conventions and non-governmental organizations had started to incorporate such management strategies to help with review of their business practices. A result-based management framework would link the strategic objectives and priorities of the Fund to its various programmes and projects. The key elements in results-based management were getting the right design, implementing performance measurement, reporting on performance and learning from the process.

55. Several members asked who would be responsible for implementing results-based management in the operations of the Adaptation Fund and observed that the multilateral implementing agencies already had experience with results-based management. It was also noted that while the Board would be responsible at the fund and portfolio level, the implementing agencies were responsible for the implementation of projects. Other members expressed concern at the increase in reporting requirements that seemed to be a part of the system and asked that any new reporting requirements be kept as simple as possible, and that the process be streamlined to include only a limited number of key indicators as such a system had to be commensurate with the resources available.

56. The representative of the Secretariat explained that although multilateral implementing entities had experience with results-based management, they all had different approaches at the project level and that it could be useful for the Board to develop a common approach for projects and programmes. She also said that the process of development of a framework could take place step-wise and take into consideration the lessons learned by the Board in applying results-based management.

57. The Chair said that the Board would need some assistance with the development of a results-based management framework and that as first step a revised paper needed to be prepared by the Secretariat and presented to the Board at its ninth meeting. A number of

important points had been raised, among which were to keep the process simple and not to overload countries with reporting requirements. The relationship between the results-based management and evaluation should also be taken into consideration. He also said that after the Board had considered the revised paper it could then ask either the Finance and Ethics Committee or a Working Group to further develop a proposal for the Board to approve.

58. Following the discussion, the Board decided to request the Secretariat to present a detailed paper, outlining a possible approach for results-based management and evaluation for the consideration by the Board at its ninth meeting.

(Decision B.8/5)

(b) *International best practices on evaluation*

59. The Board heard a presentation by Mr. Robert van den Berg, Director of the Evaluation Office of the Global Environment Facility, on the international best practices in evaluation. In his presentation Mr. van den Berg drew the attention of the Board to the link between monitoring and evaluation and results-based management. He said that evaluation could provide an important “reality check” to ensure that an organization was achieving its pre-defined objectives and targets. He also said that modern evaluation techniques were comparatively new and that there was an ongoing process of raising the standards of evaluations. Evaluation had become a profession with professional associations, advanced degrees in evaluation and the creation of codes of ethics. He stressed that evaluation needed to be tailored to test the assumptions being used to ensure that the goals that had been set had really been addressed and achieved. A number of techniques and methodologies were available depending on the nature of the policies and programmes being studied. The emerging best practices increasingly focused on peer review and the use of the scientific method.

60. In the discussion that followed, one member said that it was important to distinguish between the need for monitoring and evaluation at the Board level and at the local level, and he pointed out that the impacts on all those involved needed to be considered at the local level. It would be difficult to evaluate all projects and that there would be a need to choose some of the projects for evaluation. Others asked whether the Board should consider monitoring and evaluation after it had taken a decision on results-based management or could the two approaches be developed simultaneously. Questions were also asked about the costs of such systems and it was pointed out that the costs needed to be commensurate with the resources of the Fund and the amount of funding awarded to a project. It was important not to overload either the countries receiving funding, or the Board, and it was suggested that only a few key issues needed to be monitored

61. Mr. Van den Berg explained that it would be possible to put most of the Board’s effort into results-based management at the start of the process and the Board could adapt the balance between monitoring and evaluation, and result-based management over time, as needed. He observed that the Board was already contemplating an evaluation process as all the projects and programmes would have at least a terminal evaluation to monitor their effectiveness.

62. The Chair said that it was clear that evaluation was important and should be established at as early a stage as possible. As the issue of evaluation had already been raised in the paper on results-based management, those in the Secretariat working on the two issues should

collaborate to include the issue of monitoring and evaluation in the paper on results-based management that would be presented to the Board at its ninth meeting.

Agenda Item 10: Financial Issues

(a) Report on the Status of Resources of the Adaptation Fund Trust Fund and Administrative Trust Fund

63. The representative of the Trustee introduced the *Status of Resources of the Adaptation Fund Trust Fund and Administrative Trust Fund*, as at September 30, 2009, contained in document AFB/B.8/9 which presented the status of receipts and disbursements from the Adaptation Fund Trust Fund, the cumulative funding decisions made by the Board since its inception, the funds available for new funding decisions, and the balance in the Multi-donor Trust Fund for the Secretariat of the Adaptation Fund Board. In his presentation he explained that, consistent with the instruction of the Adaptation Fund Board, the pace of the sale of CERs had been slow since the previous meeting of the Board, and that therefore there had been little change in the funds available. He also said that as at September 30, 2009, the Board had US\$ 10.29 million to support new funding decisions.

64. In response to a question on the increase in the budget for the Secretariat of US\$.07 million, the Trustee explained that the amount had been added to the Budget of the Secretariat to cover the costs of the handbook and brochure for the side-event at the fifth CMP, and that the amount had been approved at the seventh meeting of the Board by decision B.7/9.

65. Following the discussion the Board took note of the presentation by the Trustee.

(b) Resource strategy for 2010

66. The representative of the Trustee introduced the *Potential Resources Available for the Adaptation Fund Trust Fund through December 2010*, contained in document AFB/B.8/10 which had been prepared in response to a request from the Board at its seventh meeting. He explained that the estimates were presented solely to provide the Board with an idea of the range that existed in potential resources that could be available to the Board. That range of potential resources resulted from the use of different assumptions about the price of CERs and the exchange rate between US dollars and Euros. The point of departure for the exercise had been the use of the price of CERs and the exchange rate between Euros and US dollars as at September 30, 2009. The Trustee had then calculated the effect of a twenty per cent increase, or decrease, of the price of the CERs, and a ten per cent increase, or decrease, in the exchange rate between US dollars and Euros. Based on those assumptions, and excluding investment income and any potential additional donations, the indicative potential resources available between September 30, 2009 and the end of December 2010 ranged from a low of US\$ 106.68 million to a high of US\$ 190.47 million, with a medium amount of US\$ 145.88 million.

67. In response to several questions about the range between the estimates, the Trustee said that the ranges did not represent any projections by the Trustee but were rather the result of the different calculations prepared for illustrative purposes.

68. Following the discussion the Board took note of the presentation of the Trustee.

(c) Donations to the Adaptation Fund Trust Fund

69. The Trustee presented the draft Guidelines for Accepting Unsolicited Donations to the Adaptation Fund Trust Fund (AFB/B.8/11) which had been prepared in accordance with paragraph 17 of the Terms and Conditions of Service to be provided by the World Bank as Trustee for the Adaptation Fund. The objectives of the guidelines were: i) to provide guidance to donors, ii) to protect the Fund from possible risks to its reputation, and iii) to minimize transaction costs. Guidelines were provided for two different types of donors: sovereign governments and non-sovereign entities. The process for accepting donations from both donors would be similar. The donor would propose a donation to the Board in writing, and once informed of the donation the Trustee would enter into a donation agreement with the donor, according to its policies. In the case of donations from non-sovereign donors, however, a screening process may be undertaken, after which the Trustee would inform the Board of any issues that were identified before entering into a donation agreement with the donor.

70. In the discussion that followed, it was suggested that it was important to ensure that the process for donations was not too onerous. Several members questioned the appropriateness of some of the screening criteria for donations as they did not seem relevant. Some of the terminology was also questioned as it did not appear “donor-friendly” and the document was intended to be shared with donors. Some members noted that if the donors were not to impose conditions on their donations, or “earmark” them, then it was incumbent upon the Board to minimize the conditions that it would place on donors.

71. The Trustee indicated that the screening criteria had been prepared on the basis of guidelines used by UNICEF and other international public organizations.

72. One member also asked whether all Sovereign donors would be treated equally when making donations.

73. The Chair asked the Trustee to revise the Guidelines to reflect the concerns expressed by the Board.

74. Following the discussion, the Board decided to approve the draft guidelines for accepting donations. The guidelines, as orally amended, are contained in Annex VII to the present report.

(Decision B.8/6)**(d) Work plan**

75. The Manager of the Adaptation Fund Board Secretariat reminded the Board that at its sixth meeting the Board had decided, in its decision B.6/8, that the Board would review its work plan at its eighth meeting. She said that at its sixth meeting the Board had also approved the administrative budget for the Board and Secretariat corresponding to the fiscal year 2010 and that there was consequently a need, for planning purposes, to draft a work plan for the remainder of the fiscal year for 2010 in order to align the work plan with the secretariat’s budget.

76. Several members asked whether it was opportune to have a presentation on the issue of vulnerability at the ninth meeting, and suggested that if such a presentation were to be given it should be made by a representative of the IPCC which was the scientific arm of the UNFCCC.

Others thought that it was important to address the issue of vulnerability as that would have an impact on which proposals should be selected for financing.

77. Members also expressed their concern that it was not clear how the accreditation process was to be carried forward, or to whom information about the process should be addressed.

78. The Chair said that while it was important to approach the issue of vulnerability carefully, it still appeared that some members thought that it would be useful to have a presentation on the concept of vulnerability, preferably by a representative of the IPCC, on the understanding that the presentation was not intended to guide the members in their evaluation of funding priorities.

79. Following the discussion, the Board adopted the Work Plan, as orally amended. The text of the work plan, as adopted by the Board, is contained in Annex VIII to the present report.

(Decision B.8/7)

Agenda Item 11: Board meetings for 2010

80. The Manager of the Adaptation Fund Board Secretariat informed the Board that the Secretariat had tentatively booked space at the 'Langer Eugen' UN Campus in Bonn for the meetings of the Board during 2010. In each case the reservation had been made for an entire week in order to accommodate committee meetings back-to-back with Board meetings, should the Board decide to hold such committee meetings. She also informed the Board that it might also wish to hold its twelfth meeting in Mexico back-to-back with the sixth CMP. The dates for which reservations had been made were: 22 to 26 March, 2010; 14 to 18 June, 2010; 13 to 17 September, 2010 and 15 to 19 November, 2010. She also informed the Board that the Secretariat had found it difficult to prepare the required documents for a meeting when it only had two months between those meetings, and that it would be preferable to hold the twelfth meeting of the Board in December, if that were possible.

81. One member said that it would be important to ensure that dates of the meetings were coordinated with the meetings of the subsidiary bodies of the UNFCCC.

82. The Chair agreed and said that depending upon the results of the fifteenth COP, it might be necessary to change the dates to ensure that the meetings of the Board took place back-to-back with meetings of the subsidiary bodies. He also said that the meetings of the Board should continue to be at least three days in length, although that could change depending upon the work load of the Board.

83. Following a discussion, the Board decided:

- (a) To tentatively hold its ninth meeting in Bonn, 22 to 26 March 2010;
- (b) To tentatively hold its tenth meeting in Bonn, 14 to 18 June 2010;
- (c) To tentatively hold its eleventh meeting in Bonn, 13 to 17 September 2010; and

- (d) To tentatively hold its twelfth meeting in Mexico City, 22 to 26 November 2010, back-to-back with the sixteenth Conference of the Parties to the United Nations Framework Convention on Climate Change, and with the sixth Conference of the Parties serving as the Meeting of the Parties to the Kyoto Protocol.

(Decision B.8/8)

Agenda Item 12: Other Matters

United Nations Climate Change Talks in Barcelona,

84. At the second session of the meeting the Adaptation Fund Board heard a presentation by Mr. William Agyemang-Bonsu who explained that at the meeting in Barcelona there had been talk of creating an adaptation mechanism under the United Nations Framework Convention on Climate Change. He pointed out to the Board that one of the important issues was what linkages would be developed between such a fund and the Adaptation Fund. While nothing had been concluded, as yet, he stressed that it was important for the Board to complete its work at the present meeting and thus show that the Fund was ready to complete its mandate. In closing he asked the Board to consider that two-track process of having two adaptation funds and to ask themselves whether it was really necessary for another mechanism for funding adaptation measures to be established at this time.

Agenda Item 13: Adoption of the report

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

Agenda Item 14: Closure of the Meeting

86. In closing the Chair congratulated the members for working together and achieving substantial progress on a number of key issues. They had advanced the agenda of the Adaptation Fund Board in a qualitative way. He reminded the Board that it had agreed on a host country which would provide legal capacity for the Adaptation Fund and its Board. The Board had also completed the template for programmes and had agreed on the experts for the Accreditation Panel which was now operational. The pace of the monetization of CERs had been stepped up, guidelines for donations had been put in place and the Board had started the difficult discussion on how to prioritize projects. The work of the Board at the present meeting had made an important contribution on the road to Copenhagen and had shown how effective the Board could be.

87. The members and alternates observed that the present meeting marked the end of the Chair's leadership of the Adaptation Fund Board and thanked the Chair for his steady guidance of the Board during 2009. That guidance had been instrumental in helping the Board to accomplish so many important tasks throughout 2009.

88. Following the customary exchange of courtesies, the Chair declared the meeting closed on Wednesday, 18 November 2009 at 3.50 p.m.

MEMBERS AND ALTERNATES PARTICIPATING AT THE EIGHTH MEETING

MEMBERS		
Name	Country	Constituency
Mr. Cheikh Ndiaye Sylla	Senegal	Africa
Mr. Mohammed Al-Maslamani	Qatar	Asia
Mr. Jerzy Janota Bzowski	Poland	Eastern Europe
Ms. Medea Inashvili	Georgia	Eastern Europe
Mr. Jeffery Spooner	Jamaica	Latin America and the Caribbean
Mr. Luis Santos	Uruguay	Latin America and the Caribbean
Mr. Anton Hilber	Switzerland	Western European and Others Group
Mr. Jan Cedergren	Sweden	Western European and Others Group
Mr. Selwin Hart	Barbados	Small Island Developing States
Mr. Hiroshi Ono	Japan	Annex I Parties
Mr. Ricardo Lozano Picon	Colombia	Non-Annex I Parties

ALTERNATES		
Name	Country	Constituency
Mr. Richard Mwendandu	Kenya	Africa
Mr. Elsayed Sabry Mansoeur	Egypt	Africa
Mr. Damdin Davgadorj	Mongolia	Asia
Ms. Tatyana Ososkova	Uzbekistan	Asia
Ms. Dinara Gershinkova	Russian Federation	Eastern Europe
Ms. Iryna Trofimova	Ukraine	Eastern Europe
Mr. Luis Paz Castro	Cuba	Latin America and the Caribbean
Mr. Octavio Perez Pardo	Argentina	Latin America and the Caribbean
Mr. Amjad Abdulla	Maldives	Small Island Developing States
Mr. Mirza Shawat Ali	Bangladesh	Least-Developed Countries
Mr. Yvan Biot	United Kingdom of Great Britain and Northern Ireland	Annex I Parties
Mr. William Kojo Agyemang-Bonsu	Ghana	Non-Annex I Parties
Mr. Bruno Sekoli	Lesotho	Non-Annex I Parties

ADOPTED AGENDA OF THE EIGHTH MEETING

1. Opening of the Meeting
2. Organizational Matters
 - (a) *Adoption of the Agenda*
 - (b) *Organization of Work*
3. Report on intersessional activities of the Chair
4. Secretariat activities
5. CER monetization
6. Status of membership of the Board (2010-2011)
7. Issues Remaining from the 7th Board meeting
 - (a) *Establishment of the Accreditation Panel: Selection of experts*
 - (b) *Operational Policies and Guidelines: Programme Template*
 - (c) *Invitation to eligible Parties to submit project proposals*
 - (d) *Legal capacity of the Adaptation Fund Board*
8. Initial funding priorities of the Adaptation Fund Board
9. Monitoring and Evaluation
 - (a) *Results based management framework for the Adaptation Fund*
 - (b) *International best practices on evaluation*
10. Financial issues
 - (a) *Status of resources of the Adaptation Fund Trust Fund and Administrative Trust Fund*
 - (b) Resource strategy for 2010
 - (c) Contributions from donors to the Adaptation Fund
 - (d) Work plan
11. Board meetings for 2010
12. Other Matters
13. Adoption of the report
14. Closure of the Meeting

AGENCIES INVITED TO SERVE AS MULTILATERAL IMPLEMENTING ENTITIES

1. The United Nations Food and Agriculture Organization
2. The United Nations International Fund for Agriculture Development
3. The United Nations Educational, Scientific and Cultural Organization
4. The United Nations Industrial Development Organization
5. The World Bank
6. The World Health Organization
7. The World Meteorological Organization
8. The United Nations Development Programme
9. The United Nations Environment Programme
10. The United Nations Human Settlement Programme
11. The United Nations World Food Programme
12. The Inter-American Development Bank
13. The African Development Bank
14. The Asian Development Bank
15. The European Bank for Reconstruction and Development

AMENDMENTS TO THE RULES OF PROCEDURE

Paragraph 5 should be revised as follows:

The member and alternate shall each serve for a term of two ~~calendar~~ years and shall be eligible to serve a maximum of two consecutive terms. The term of office of a member, or an alternate, shall start at the first meeting of the Board in the calendar year following his or her election and shall end immediately before the first meeting of the Board in the calendar year in which the term ends.

Paragraph 10 should be revised as follows:

The Board shall elect the Chair and Vice-Chair from among its members, with one being from an Annex I Party and the other being from a non-Annex I Party. The term of office of the Chair and Vice-Chair shall be one ~~calendar~~-year, starting at the first meeting of the Board in each year. The office of Chair and Vice-Chair shall alternate annually between a member from an Annex I Party and a member from a non-Annex I Party.

**EXPERT MEMBERS OF THE ACCREDITATION PANEL:
LIST OF SELECTED MEMBERS**

Members of the Adaptation Fund Accreditation Panel

1. Candidate No. 7, Nepal
2. Candidate No. 2, South Africa
3. Candidate No. 8, Canada/Netherlands

Alternate Members of the Adaptation Fund Accreditation Panel

1. Candidate No. 5, India
2. Candidate No. 3, Kenya/USA
3. Candidate No. 1, Canada

Candidate numbers refer to document AFB/B.8/5, Annex I.

PROGRAMME TEMPLATE

ANNEX 3: TEMPLATES APPROVED BY THE ADAPTATION FUND BOARD Approval and Operations Procedures

1. **Adaptation Fund Project/Programme Approval Process:** There are two approval processes under the Adaptation Fund project¹ cycle: (i) a one-step approval process; and (ii) a two-step approval process. Eligible developing country Parties to the Kyoto Protocol may submit project proposals directly to the Adaptation Fund Board Secretariat (AFBS) via their National Implementing Entities (NIEs) or via Multilateral Implementing Entities (MIEs). NIEs/MIEs have to be accredited by the Adaptation Fund Board (AFB) to be eligible as an implementing entity for the purpose of submitting projects to the Adaptation Fund. They should also meet the fiduciary standards and other qualifications provided by the Board. All small-size projects will follow the one-step approval process, while regular projects may follow either the one-step approval or the two-step approval process, depending on the stage of project preparation, and at the discretion of the project proponent. The following section outlines the steps of the approval processes.

2. **Single-Step Approval Process:** This process may be used for small-size projects or regular projects with proposals that are already fully-prepared. Approval process includes the following steps:
 - (a) Eligible Parties submit a fully-prepared project document to the AFBS seven weeks before the next AFB meeting.
 - (b) The AFBS will screen all proposals and prepare a [Technical Review](#) for each project/programme. The AFBS will submit a collection of proposals consisting of technical reviews for all projects to the Project and Program Review Committee (PPRC) 4 weeks prior to the next AFB meeting.
 - (c) The PPRC will review and prepare recommendations for the Board using a [Recommendation Template](#). The PPRC will convene back-to-back to the Adaptation Fund Board (AFB) meeting to finalize its recommendation and submit its recommendation the next day to the AFB.
 - (d) AFB approves/rejects the recommendations during the meeting.
 - (e) All approved projects will be posted on the AF website following the conclusion of its meeting.

3. **Two-Step Approval Process:** The two-step approval process may be used for regular projects if it is so decided by the proponent Party: (i) project concept approval; and (ii) final project document approval. Each of these steps is subject to the same approval process as the single approval process, i.e., the project is subjected to the single approval process twice. The rationale for choosing such a process is for a country to receive feedback or guidance from the AFB upstream before a project has been fully prepared. The following two documentations are

¹ In what follows the term project will refer to both programmes and projects unless otherwise stated.

required to be submitted at each step following the same procedures as the single approval process:

- (a) 1st step: Regular Project Concept.
- (b) 2nd step: Regular Project Final Project Document.

4. **Documentation required in the submission:**

- (a) *Regular Project/Programme Concept*: used for the first step of the two-step approval process (only for regular projects that have not been fully developed);
- (b) *Small-sized Project/Programme Document Template*: for use when submitting small-sized projects;
- (c) *Regular Project/Programme Document Template*: for use when submitting regular projects (for regular projects that have been fully developed);
- (d) *Full Project/Programme Document* prepared by NIEs/MIEs for both small-sized and regular projects;
- (e) Endorsement Template endorsed by the country's designated authority for Adaptation Fund.²

5. **Categories of projects under the Adaptation Fund:**

- (a) Small-Sized projects and programmes (SPs): defined as project proposals requesting up to \$1.0 million.
- (b) Regular-Sized projects and programmes (RPs): project proposals requesting more than \$1.0 million

6. **Definitions of Terms:**

- (a) Project: A concrete adaptation project is defined as a set of activities aimed at addressing the adverse impacts of and risks posed by climate change.
- (b) Programme: An adaptation programme is a process, a plan or an approach for addressing climate change impacts which are broader than the scope of an individual project. Further guidance on how to present programmes for approval can be found in the 'Instructions for presenting a request for funding from the Adaptation Fund'.

7. **Financing and Disbursement:**

- (a) Financing: funding for projects and programs will be on a full adaptation cost basis to address the adverse effects of climate change.³

² The designated authority referred to in paragraph 21 of the operational guidelines.

³ Para. 14 of the "Provisional Operational Policies and Guidelines for Parties to Access Resources from the Adaptation Fund", and para. 12 of the "Strategic Priorities, Policies, and Guidelines of the Adaptation Fund."

- (b) Disbursement: The Trustee will disburse funds on the written instruction of the Board, signed by the Chair and the Vice-Chair, or any other Board Member designated by the Chair and the Vice-Chair, and report to the Board on the disbursement of funds.

Adaptation Fund Project Review Criteria

1. The following review criteria for adaptation fund projects are applicable to both the small-size projects and regular projects under the single-approval process. For regular projects using the two-step approval process, only the first four criteria will be applied when reviewing the 1st step for regular project concept. In addition, the information provided in the 1st step approval process with respect to the review criteria for the regular project concept could be less detailed than the information in the request for approval template submitted at the 2nd step approval process. Furthermore, a final project document is required for regular projects for the 2nd step approval, in addition to the approval template.

Review Criteria	
1. Country Eligibility	<ul style="list-style-type: none"> • Is the country party to the Kyoto Protocol? • Is the country a developing country particularly vulnerable to the adverse effects of climate change?⁴
2. Project Eligibility	<ul style="list-style-type: none"> • Has the government endorsed the project?⁵ • Does the project / programme support concrete adaptation actions to assist the country in addressing the adverse effects of climate change? • Does the project provide economic, social and environmental benefits, with particular reference to the most vulnerable communities? • Is the project cost-effective? • Is the project consistent with national sustainable development strategies, national development plans, poverty reduction strategies, national communications or adaptation programs of action, or other relevant instruments? • Does the project meet the relevant national technical standards, where applicable? • Is there duplication of project with other funding sources? • Does the project have a learning and knowledge management component to capture and feedback lessons? • Has the project provided justification for the funding requested on the basis of the full cost of adaptation?
3. Resource Availability	<ul style="list-style-type: none"> • Is the requested project funding in accordance with the funding allocation decisions of the Adaptation Fund Board per country/project?
4. Eligibility of NIE/MIE	<ul style="list-style-type: none"> • Is the project submitted through an eligible NIE/MIE that has been accredited by the Board?
5. Implementation Arrangement	<ul style="list-style-type: none"> • Is there adequate arrangement for project management?

⁴ Further reference to the eligibility of country can be found in the document: “*Strategic Priorities, Policies, and Guidelines of the Adaptation Fund*”

⁵ Each Party shall designate and communicate to the Secretariat the authority that will endorse on behalf of the national government the projects and programmes proposed by the implementing entities.

	<ul style="list-style-type: none">• Are there measures for financial and project risk management?• Are arrangements for monitoring and evaluation clearly defined, including a budgeted M&E plan?• Is a project results framework included?
--	---

Attached with this note are the following:

Appendix A: Request for Project/Programme Funding from Adaptation Fund

Appendix B: Government Endorsement Letter Template (submitted through NIEs/MIEs)

Appendix C: Adaptation Fund Secretariat Technical Review for Adaptation Fund Projects

Appendix D: PPRC Recommendation for Project Approval



ADAPTATION FUND

**REQUEST FOR PROJECT/PROGRAMME FUNDING
FROM ADAPTATION FUND**

The annexed form should be completed and transmitted to the Adaptation Fund Board Secretariat by email or fax.

Please type in the responses using the template provided. The instructions attached to the form provide guidance to filling out the template.

Please note that a project/programme must be fully prepared (i.e., fully appraised for feasibility) when the request is submitted. The final project/programme document resulting from the appraisal process should be attached to this request for funding.

Complete documentation should be sent to

The Adaptation Fund Board Secretariat
1818 H Street NW
MSN G6-602
Washington, DC. 20433
U.S.A
Fax: +1 (202) 522-3240/5
Email: secretariat@adaptation-fund.org



PROJECT/PROGRAMME PROPOSAL

PART I: PROJECT/PROGRAMME INFORMATION

PROJECT/PROGRAMME CATEGORY:

COUNTRY/IES:

TITLE OF PROJECT/PROGRAMME:

TYPE OF IMPLEMENTING ENTITY:

IMPLEMENTING ENTITY:

EXECUTING ENTITY/IES:

AMOUNT OF FINANCING REQUESTED: (in U.S Dollars Equivalent)

PROJECT / PROGRAMME BACKGROUND AND CONTEXT:

Provide brief information on the problem the proposed project/programme is aiming to solve. Outline the economic social, development and environmental context in which the project would operate.

PROJECT / PROGRAMME OBJECTIVES:

List the main objectives of the project.

PROJECT / PROGRAMME COMPONENTS AND FINANCING:

Fill in the table presenting the relationships among project components, activities, expected concrete outputs, and the corresponding budgets. If necessary, please refer to the attached instructions for a detailed description of each term.

For the case of a programme, individual components are likely to refer to specific subsets of stakeholders, regions and/or sectors that can be addressed through a set of well defined interventions / projects.

PROJECT COMPONENTS	EXPECTED CONCRETE OUTPUTS	EXPECTED OUTCOMES	AMOUNT (US\$)
1.			
2.			
3.			
4.			
5.			
6. Project/Programme Execution cost			
7. Total Project/Programme Cost			
8. Project Cycle Management Fee charged by the Implementing Entity (if applicable)			
Amount of Financing Requested			

PROJECTED CALENDAR:

Indicate the dates of the following milestones for the proposed project/programme

MILESTONES	EXPECTED DATES
Start of Project/Programme Implementation	
Mid-term Review (if planned)	
Project/Programme Closing	
Terminal Evaluation	

PART II: PROJECT / PROGRAMME JUSTIFICATION

- A. Describe the project / programme components, particularly focusing on the concrete adaptation activities of the project, and how these activities contribute to climate resilience. For the case of a programme, show how the combination of individual projects will contribute to the overall increase in resilience.
- B. Describe how the project / programme provides economic, social and environmental benefits, with particular reference to the most vulnerable communities.
- C. Describe or provide an analysis of the cost-effectiveness of the proposed project / programme.
- D. Describe how the project / programme is consistent with national or sub-national sustainable development strategies, including, where appropriate, national or sub-national development plans, poverty reduction strategies, national communications,

or national adaptation programs of action, or other relevant instruments, where they exist.

- E. Describe how the project / programme meets relevant national technical standards, where applicable.
- F. Describe if there is duplication of project / programme with other funding sources, if any.
- G. If applicable, describe the learning and knowledge management component to capture and disseminate lessons learned.
- H. Describe the consultative process, including the list of stakeholders consulted, undertaken during project preparation.
- I. Provide justification for funding requested, focusing on the full cost of adaptation reasoning.

PART III: IMPLEMENTATION ARRANGEMENTS

- A. Describe the arrangements for project / programme implementation.
- B. Describe the measures for financial and project / programme risk management.
- C. Describe the monitoring and evaluation arrangements and provide a budgeted M&E plan.
- D. Include a results framework for the project proposal, including milestones, targets and indicators.

■ PART IV: ENDORSEMENT BY GOVERNMENT AND CERTIFICATION BY THE IMPLEMENTING ENTITY

A. RECORD OF ENDORSEMENT ON BEHALF OF THE GOVERNMENT⁶ *Provide the name and position of the government official and indicate date of endorsement. If this is a regional project/programme, list the endorsing officials all the participating countries. The endorsement letter(s) should be attached as an annex to the project/programme proposal. Please attach the endorsement letter(s) with this template; add as many participating governments if a regional project/programme:*

<i>(Enter Name, Position, Ministry)</i>	<i>Date: (Month, day, year)</i>
---	---------------------------------

B. IMPLEMENTING ENTITY CERTIFICATION *Provide the name and signature of the Implementing Entity Coordinator and the date of signature. Provide also the project/programme contact person’s name, telephone number and email address*

I certify that this proposal has been prepared in accordance with guidelines provided by the Adaptation Fund Board, and prevailing National Development and Adaptation Plans (.....list here.....) and subject to the approval by the Adaptation Fund Board, understands that the Implementing Entity will be fully (legally and financially) responsible for the implementation of this project/programme.	
<i>Name & Signature</i> Implementing Entity Coordinator	
<i>Date: (Month, Day, Year)</i>	<i>Tel. and email:</i>
<i>Project Contact Person:</i>	
<i>Tel. And Email:</i>	

⁶ Each Party shall designate and communicate to the Secretariat the authority that will endorse on behalf of the national government the projects and programmes proposed by the implementing entities.

INSTRUCTIONS FOR PREPARING A REQUEST FOR PROJECT OR PROGRAMME FUNDING FROM THE ADAPTATION FUND

Project and programme applications must be clear on the problem to be addressed, the objective(s), what the project/programme will deliver when, how and by whom. Clear baselines, milestones, targets and indicators should be included to ensure progress and results can be measured. Programmes will generally be more complex and will require greater oversight and management which should be properly explained under Implementation Arrangements for programmes.

DATE OF RECEIPT. Please leave this space on the top right of the page blank. The Adaptation Fund Board Secretariat will fill in the date on which the proposal is received at the Secretariat.

ADAPTATION FUND PROJECT ID. Please leave this space on the top right of the page blank. The Adaptation Fund Board Secretariat will assign a number to your project internally.

PART I: PROJECT / PROGRAMME INFORMATION

CATEGORY: Please specify which type of project you are proposing. The two options are:

- A) SMALL-SIZED PROJECT/PROGRAMME.** Proposals requesting grants up to \$1 million.
- B) REGULAR PROJECT/PROGRAMME.** Proposals requesting grants of more than \$1 million.

A programme will generally fulfil the following criteria: A series of projects which could include small-size projects or regular projects aimed at achieving an outcome that is otherwise not achievable by a single project. Projects under a programme would have synergies in their objectives and implementation. A programme may also cover more than one sector and cross borders. Programmes usually engage multiple partners / stakeholders.

COUNTRY/IES: Please insert the name of the country requesting the grant. Please note that regional projects / programmes should mention all the participating countries.

TITLE OF PROJECT / PROGRAMME: Please enter the title of the proposed project / programme.

TYPE OF REQUESTING ENTITY: Please specify which type of Implementing Entity the project will be managed by. The two options are:

- A) NATIONAL IMPLEMENTING ENTITY**
- B) MULTILATERAL IMPLEMENTING ENTITY**

NAME OF IMPLEMENTING ENTITY: Please specify the name of the Implementing Entity

EXECUTING ENTITY(IES). Please specify the name of the organisation(s) that will execute(s) the project funded by the Adaptation Fund under the oversight of the Implementing Entity.

AMOUNT OF FINANCING REQUESTED. Please fill the grant amount (in US Dollars equivalent) requested from the Adaptation Fund for this proposal.

PROJECT / PROGRAMME BACKGROUND AND CONTEXT. Provide brief information on the problem the proposed project is aiming to solve. Outline the economic, environmental and social development context in which the project would operate. For the case of a programme, the analysis will be more complex, focusing on how climate change is expected to affect multiple stakeholders, sectoral and/or economic activities within a well defined region.

PROJECT / PROGRAMME OBJECTIVES. List the main objectives of the project. For the case of a programme, this is likely to involve multiple objectives by stakeholder / sector / region, based on an overall strategic plan at the regional, national or local level.

PROJECT / PROGRAMMES COMPONENTS AND FINANCING. Please fill out the table presenting the relationships among project components, activities, expected concrete outputs, and their corresponding budgets to accomplish them. For the case of a programme, individual components are likely to refer to specific sub-sets of stakeholders, regions and/or sectors that can be addressed through a set of well defined interventions / projects.

The aforementioned terms are defined below to facilitate the process of completing the table:

PROJECT / PROGRAMME COMPONENTS. The division of the project/programme into its major parts; an aggregation of set of activities

ACTIVITIES. Actions taken or work performed through which inputs, such as funds, technical assistance and other types of resources are mobilized to produce specific outputs. For the case of programmes, list the likely types and number of projects that the programme will support

MILESTONES / TARGETS. Milestones help with regular monitoring of progress towards the target. Targets indicate the desired result at the end of the project.

INDICATORS – What is going to be measured?

EXPECTED CONCRETE OUTPUTS. The product, capital goods and services which result from a development intervention relevant to the achievement of outcomes.

EXPECTED OUTCOMES. The change in conditions, or intended effects of an intervention, usually brought about by the collective efforts of partners. Outcomes are achieved in the short to medium term.

AMOUNT (\$). Indicate grant amounts in US dollars by project/programme components.

PROJECT / PROGRAMME EXECUTION COST. The main items supported by the Adaptation Fund for project management including consultant services, travel and office facilities, etc.

TOTAL PROJECT / PROGRAMME COST. This is the sum of all project/programme components requesting Adaptation Fund Board approval.

IMPLEMENTING ENTITY PROJECT CYCLE MANAGEMENT FEE. This is the fee that is requested by an Implementing Entity for project cycle management services.

AMOUNT OF FINANCING REQUESTED. This amount includes the total project cost plus the project cycle management fee.

PROJECTED CALENDAR. Please indicate the dates of the following milestones for the proposed project.

START OF PROJECT / PROGRAMME IMPLEMENTATION The date on which project becomes effective and disbursement can be requested. This is also the trigger date for the Adaptation Fund Trustee to allow the Implementing Entities to request for disbursement

MID-TERM REVIEW. The date on which the Implementing Entity completes its mid-term review of the project.

PROJECT / PROGRAMME CLOSING. Project closing is set as six months after Project Completion. This is the date on which Implementing Entity completes disbursement from the grant and may cancel any undisbursed balance in the grant account.

TERMINAL EVALUATION. The date on which the Implementing Entity completes the terminal evaluation report, normally two months after project completion but in any case, no later than twelve months after project completion.

PART II: PROJECT / PROGRAMME JUSTIFICATION

- A.** Describe the project / programme components, including details of activities in each component, regarding how the components will meet project objectives. Describe how the activities will help with adaptation to climate change and improve climate resilience. For the case of a programme, show how the combination of individual projects will contribute to the overall increase in resilience
- B.** Describe how the outputs and outcomes of the project / programme will provide economic, social and environmental benefits, particularly to the most vulnerable communities in the targeted area.
- C.** How is the project / programme cost-effective. Compare to other possible interventions that could have been taken to achieve similar project objectives.
- D.** Describe how the project / programme is located in the framework of national development strategies, plans, action plans, etc.

- E. Describe how the project / programme design meets national technical standards.
- F. Describe if the project / programme overlaps or duplicates similar activities from other funding sources.
- G. Describe the activities included in the project / programme to gather lessons learned from project design and implementation and for their dissemination.
- H. Describe the consultative process undertaken during project design. List the stakeholders consulted and the methods of consultation.
- I. Provide the full cost of adaptation reasoning for the funding requested for the project / programme.

PART III: IMPLEMENTATION ARRANGEMENTS. Describe the various elements of project implementation as enumerated below:

- A. Adequacy of project / programme management arrangements. For the case of a programme, explain how the programme strategy will be managed and evaluated, and how individual projects will be identified, designed, appraised, approved, implemented and evaluated against programme's strategic objectives. Provide a full organogramme of the executing agents and how they report to each other.
- B. Measures for financial and project / programme risk management. For the case of a programme, provide detailed information to illustrate how risk will be managed.
- C. Monitoring and evaluation arrangements including budgeted M&E plan.
- D. Procurement arrangements including standards and safeguards.
- E. Results framework. Guidance and a template for a Results Framework will be provided.

PART IV: ENDORSEMENT BY THE DESIGNATED GOVERNMENT AUTHORITY FOR ADAPTATION FUND AND CERTIFICATION BY THE IMPLEMENTING ENTITY

- 9. RECORD OF ENDORSEMENT BY DESIGNATED GOVERNMENT AUTHORITY.** Provide the name, position, and government office of the designated government authority and indicate date of endorsement. If this is a regional project, list the designated government authorities of all participating countries endorsing the project. The endorsement letter(s) should be attached as an annex to the project proposal.
- 10. IMPLEMENTING ENTITY CERTIFICATION.** Provide the name and signature of the Implementing Entity Coordinator and the date of signature. Provide also the project contact person's name, telephone number and email address.



ADAPTATION FUND

Letter of Endorsement by Government

[Government Letter Head]

[Date of Endorsement Letter]

To: The Adaptation Fund Board
c/o Adaptation Fund Board Secretariat
Email: Secretariat@Adaptation-Fund.org
Fax: 202 522 3240/5

Subject: Endorsement for [Title of Project]

In my capacity as designated authority for the Adaptation Fund in [country], I confirm that the above (select national or regional) project proposal is in accordance with the government's (select national or regional) priorities in implementing adaptation activities to reduce adverse impacts of, and risks, posed by climate change in the (select country or region).

Accordingly, I am pleased to endorse the above project proposal with support from the Adaptation Fund. If approved, the proposal will be coordinated and implemented by [national or local executing entity].

Sincerely,

[Name of Designated Government Official]
[Position/Title in Government]



ADAPTATION FUND

ADAPTATION FUND BOARD SECRETARIAT TECHNICAL REVIEW OF PROJECT/PROGRAMME PROPOSAL

PROJECT CATEGORY: (select)

Country/Region:

Project Title:

AF Project ID:

NEI/MEI Project ID:

Regular Project Concept Approval Date (if applicable):

AFB Secretariat Screening Manager:

Requested Financing from Adaptation Fund (US Dollars):

Anticipated Submission of final RP document (if applicable):

NIE/MIE Contact Person:

Review Criteria	Questions	Comments
Country Eligibility	1. Is the country party to the Kyoto Protocol?	
	2. Is the country a developing country particularly vulnerable to the adverse effects of climate change?	
Project Eligibility	1. Has the designated government authority for the Adaptation Fund endorsed the project?	
	2. Does the project / programme support concrete adaptation actions to assist the country in addressing exhibit adaptive capacity to the adverse effects of climate change and build in climate resilience?	
	3. Does the project / programme provide economic, social and environmental benefits, particularly to vulnerable communities?	
	4. Is the project / programme cost effective?	

	5. Is the project / programme consistent with national or sub-national sustainable development strategies, national or sub-national development plans, poverty reduction strategies, national communications and adaptation programs of action and other relevant instruments?	
	6. Does the project / programme meet the relevant national technical standards, where applicable?	
	7. Is there duplication of project / programme with other funding sources?	
	8. Does the project / programme have a learning and knowledge management component to capture and feedback lessons?	
	9. Is the requested financing justified on the basis of full cost of adaptation reasoning?	
Resource Availability	1. Is the requested project / programme funding within the cap of the country?	
Eligibility of NIE/MIE	2. Is the project submitted through an eligible NIE/MIE that has been accredited by the Board?	
Implementation Arrangement	1. Is there adequate arrangement for project / programme management?	
	2. Are there measures for financial and project risk management?	
	3. Are arrangements for monitoring and evaluation clearly defined, including budgeted M&E plans?	
	4. Is a results framework included?	
Technical Summary		
Date:		



ADAPTATION FUND

Appendix D

**Project and Programme Review Committee
Recommendation for Projects and Programmes Submitted for the
[DATE] AFB Meeting**

Project/Programme Title	AF Grant Amount (\$)	Implementing Entity project/programme cycle management fee	Total AF Resources Used (\$)	Recommendation		Justification
				Yes	No	
1.						
2.						
Subtotal						
Total AF Resources Approved						

ADAPTATION FUND TRUST FUND
GUIDELINES FOR ACCEPTING UNSOLICITED DONATIONS
 Prepared by the World Bank as Trustee for the Adaptation Fund

I. Background:

In accordance with Paragraph 17 (Administration of the Trust Fund) of the Terms and Conditions of Services to be provided by the International Bank for Reconstruction and Development as Trustee for the Adaptation Fund:

“If requested by the Adaptation Fund Board, the Trustee may accept, on terms mutually agreed between the Trustee and the Adaptation Fund Board, contributions from donors to support the operations of the Adaptation Fund.”

The Trustee recommends that, in the interest of cost-effectiveness, and ensuring that contributions serve the interests of the Adaptation Fund, the Adaptation Fund Board adopt guidelines with respect to the acceptance of any additional contributions.

II. Objective:

The key objectives of these guidelines are to:

1. provide guidance to parties interested in donating funds to the Adaptation Fund Trust Fund;
2. minimize the transaction costs associated with accepting resources in addition to the proceeds from CER monetization; and
3. ensure that donations are accepted only from appropriate donors to prevent reputational or other damage to the Adaptation Fund, its Board, Secretariat and Trustee.

III. Guidelines:

These guidelines will apply to all donations to the Adaptation Fund Trust Fund that are in addition to the proceeds from CER monetization.

A. Eligible Donors:

Donations from the following categories of donors will be considered:

- Sovereign governments
 - including sub-national government entities
- Non-sovereign (non-government) entities
 - including foundations, non-governmental organizations, private corporations and individuals

B. Types of Donations:

- Donations are limited to donations in cash in freely convertible currencies
- Donations may be structured as one-off donations or multi-year donations

C. Screening of Non-government entities:

Due diligence will be undertaken at the discretion of the Trustee on a case by case basis. The main purpose of the due diligence process will be to protect the Adaptation Fund against reputational risk by ensuring that the activities of the donor or its affiliates will not result in any actual or perceived harm to the Adaptation Fund, its Board, Secretariat, or Trustee. At the discretion of the Trustee, the Trustee can carry out the due diligence process directly or coordinate such process through due diligence specialized firms that carry out background checks.

The cost of such due diligence exercises will be added to the Trustee budget and billed to the AF Trust Fund on a full cost recovery basis.

In undertaking the due diligence process, the Trustee will apply criteria used by public international organizations such as UNICEF. The Trustee will consult with the Adaptation Fund Board prior to rejecting any donation as a result of issues identified during the due diligence process.

D. Trustee Process for accepting donations from Non-Sovereign Donors

- Donor proposes contribution in writing to the Board
- Board informs Secretariat and Trustee
- Trustee undertakes screening process
- If the screening process is undertaken successfully, and upon following its internal procedures, the Trustee will sign a donation agreement with the Donor
- Donor will send the contribution by wire transfer to the AF Trust Fund according to the terms of the donation agreement

A. Trustee Process for Sovereign Donors⁷

- Donor proposes contribution in writing to the Board
- Board informs Secretariat and Trustee
- The Trustee will follow its internal procedures and enter into a donation agreement with the Donor

B. Donation Agreement

Except in the case of small donations from individuals, the Trustee will enter into a donation agreement with every donor. The donation agreement will follow a pre-agreed template that will contain among others, the following provisions:

⁷ For certain sovereign governments that are not Bank members, the Trustee may be required to seek approval of its senior management prior to accepting the donation.

- Donations will be unconditional and will not be earmarked to any specific region, sector or project.
- Respecting the unique governance structure of the Adaptation Fund, the donation agreement will not establish membership or governance rights in the Adaptation Fund for the benefit of the Donor.
- Donors will be provided with those reports and information on use of resources that are within the public domain.
- Donors will agree that no preferential access to the Adaptation Fund Board, information or Adaptation Fund procurement opportunities will be received as a result of the donation.
- Donors may use the Adaptation Fund logo or name on terms to be approved by the Adaptation Fund Board.
- Donors will require the prior approval of the Secretariat to press briefings and other materials on the donation issued by the donor.
- Donation agreements will follow the Trustee policies and procedures.
- The donation agreement may be terminated at any time and any uncommitted funds returned to the donor should the reputation of the donor at any time risk damaging that of the Adaptation Fund, its Board, Secretariat or Trustee.

C. Donations from Individuals

Donations from individuals may be received directly into a bank account of the Trustee or a third party consolidator chosen by and through an agreement with the Trustee.

WORK PLAN FOR THE ADAPTATION FUND BOARD

Ninth Meeting: March 2010

- (a) Consideration and approval of a draft invitation letter for eligible Parties to submit projects and programme proposals for funding from the Adaptation Fund;
- (b) Consideration and approval of a proposal on initial funding priorities and resources allocation to meet the full costs of adaptation;
- (c) Consideration and approval of the results based management (RBM) and evaluation framework of the Adaptation Fund;
- (d) Follow-up of the accreditation process;
- (e) Consideration of proposals of terms of legal instruments (MOU/agreement) between the Board and implementing entities for the management of projects and programmes financed by the Adaptation Fund;
- (f) Presentation by the IPCC on vulnerability indexes;
- (g) Review and approval of the proposal for a communications strategy for the Board;
- (h) Consideration of the outcomes of COP 15 / CMP 5.

Tenth Meeting: June 2010

- (a) Inaugural session of the Board Committees;
- (b) Consideration of project proposals;
- (c) Consideration and approval of proposal of Code of Conduct for the Adaptation Fund Board Committees;
- (d) Consideration and approval of the FY2011 work plan of the Adaptation Fund Board;
- (e) Review and approval of the FY2011 budgets for the Adaptation Fund Trust Fund; the Adaptation Fund Board and secretariat; and the trustee.