

**ADAPTATION FUND**AFB/B.17/6
16 April 2012

ADAPTATION FUND BOARDSeventeenth Meeting
Bonn, 15 to 16 March 2012**REPORT OF THE SEVENTEENTH MEETING OF
THE ADAPTATION FUND BOARD****INTRODUCTION**

1. The seventeenth meeting of the Board of the Adaptation Fund of the Kyoto Protocol (Board) was held at the 'Langer Eugen' UN Campus, in Bonn, from 15 to 16 March, 2012, back-to-back with the eighth meetings of the Project and Programme Review Committee (PPRC) and the Ethics and Finance Committee (EFC). The meeting was broadcast live through a link on the website of the Adaptation Fund. The secretariat of the United Nations Convention to Combat Desertification (UNCCD) also provided logistical and administrative support for the hosting of the meeting.

2. The meeting was convened pursuant to decision 1/CMP.3 adopted at the Third Meeting of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP), and the full list of the members and alternate members, 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>.

AGENDA ITEM 1: OPENING OF THE MEETING

3. The meeting was opened at 11.00 a.m. on 15 March 2012, by the outgoing Chair, Ms. Ana Fornells de Frutos (Spain, Annex I Parties), who greeted the members and alternates to the Board, and welcomed all the participants to the seventeenth meeting of the Board.

AGENDA ITEM 2: TRANSITION OF THE CHAIR AND VICE-CHAIR

4. At its sixteenth meeting the Board had, in Decision 16/34, endorsed the nominations of Mr. Luis Santos (Uruguay, Latin America and the Caribbean) as Chair of the Board and Mr. Anton Hilber (Switzerland, Western European and Others Group) as Vice-Chair of the Board, for a term beginning in March 2012 and ending in March 2013. Following the opening of the meeting, the outgoing Chair thanked Mr. Santos for all of his help over the previous year as Vice-Chair of the Board and then invited him to chair the meeting.

5. The incoming Chair thanked Ms. Fornells de Frutos for her efforts and said that she had done excellent work over the previous year during which time the Chair and the Vice-Chair had worked as a team. He also expressed his thanks to the incoming Vice-Chair, Mr. Hilber, who had unfortunately been unable to attend the present meeting, as well as the Manager of the secretariat and the trustee. The Chair also stressed the need to improve the transparency of the Board's operations and the need to improve its cooperation with non-governmental organizations (NGOs). To that end it would be important to reduce the number of closed sessions and to have the documents of the Board publically available in a timely manner.

AGENDA ITEM 3: ORGANIZATIONAL MATTERS

(a) Adoption of the agenda

6. The Board considered the provisional agenda contained in document AFB/B.17.1/Rev.1, as well as the provisional annotated agenda contained in document AFB/B.17/2, and the provisional timetable attached to it.

7. The Board adopted the agenda which is contained in Annex II to the present report.

(b) Organization of work

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

(c) Declarations of conflict of interest

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

- (a) Mr. Ezzat L.H. Agaiby (Egypt, Africa);
- (b) Ms. Sally Biney (Ghana, Non-Annex I Parties);
- (c) Ms. Laura Dzelzyte (Lithuania, Eastern Europe);
- (d) Mr. Ricardo Lozano Picon (Colombia, Non-Annex I Parties);
- (e) Mr. Richard Mwendandu (Kenya, Africa);
- (f) Mr. Santiago Reyna (Argentina, Latin America and the Caribbean); and
- (g) Mr. Cheikh Nidaye Sylla (Senegal, Africa).

10. The Manager of the secretariat, Ms. Marcia Levaggi, also said that as she was an Argentine Government officer on leave, she would have a conflict of interest when the Board took up the accreditation of the entity from Argentina.

(d) Oath of service

11. The oath of service was distributed to the following new members of the Board attending the meeting:

- (a) Mr. Adao Soares Barbosa (Timor-Leste, Least-Developed Countries);

- (b) Ms. Laura Dzelzyte (Lithuania, Eastern Europe);
- (c) Mr. Mamadou Honadia (Burkina Faso, Least-Developed Countries);
- (d) Mr. Mohamed Shareef (Maldives, Small-Island Developing States);
- (e) Mr. Philip S. Weech (Bahamas, Latin America and the Caribbean); and
- (f) Mr. Aram Ter-Zakaryan (Armenia, Eastern Europe).

AGENDA ITEM 4: REPORT ON THE INTERSESSIONAL ACTIVITIES OF THE OUTGOING CHAIR

12. The outgoing Chair reported on her activities during the intersessional period and said that she had participated in the international symposium on water organized by the KfW Development Bank from 2 to 3 February 2012. The main theme of that symposium had been "Adaptation in action - climate change and water", which had been attended by some 90 experts from the scientific community, development cooperation, non-governmental organizations, the private sector and political partner countries. The symposium had been sponsored by the German Federal Ministry for Economic Cooperation and Development of Germany, and during the symposium the outgoing Chair had made a presentation on the Fund, which was available on the website of the symposium. After the symposium she made a presentation to a group from KfW that wanted to have more detailed information on the work of the Fund.

13. The outgoing Chair also informed the meeting that she had signed the project agreements for Uruguay (being implemented by the Agencia Nacional de Investigación e Innovación), Georgia, Cook Islands and Samoa (being implemented by the United Nations Development Programme-UNDP), and Tanzania and Madagascar (being implemented by the United Nations Environment Programme-UNEP).

14. The Board took note of the presentation by the outgoing Chair.

AGENDA ITEM 5: SECRETARIAT ACTIVITIES

15. The Manager of the secretariat reported on the activities of the secretariat during the intersessional period, which are more fully described in document AFB/B.17/3. She said that the secretariat and the trustee had met with the United Nations Foundation (UNF) to discuss the arrangements to act as partners in the collection of private donations being channeled to the Fund. She explained that while donors usually signed a donation agreement with the trustee and not with the Board, the present situation was a special case and it may be convenient to sign a memorandum of understanding (MOU) or legal agreement to formalize the relationship between the Board and the UNF. The UNF would make available its website for donations from private donors. Those funds would be transferred to the Adaptation Fund Trust Fund biannually for a fee of 13 per cent of the proceeds from the fundraising. She said that the Board might also wish to consider whether to launch that partnership at a side event that UNF would be hosting at "Rio + 20" and also consider whether to negotiate the MOU or legal agreement. Such an instrument could outline the reporting requirements of the parties, as well as any other relevant topics such as issues related to the collection of fees.

16. The secretariat had also redesigned and revised the handbook containing the amended operational policies and guidelines and had produced a brochure for the purposes of fundraising

which contained relevant information about its priorities, achievements and funding needs. It has also updated and improved the structure and content of the website and was working to finalize the accreditation workflow to manage applications (workflow), including the possibility of submitting applications online. The first version of the workflow, which would allow the online submission of applications, would soon be operational and applicants had been encouraged to submit their applications online. The webpage also had a section for handling complaints about fraud or corruption by accredited entities. Complainants were invited to submit their complaints to the Manager of the secretariat and the website also listed the contact details of the person or mechanism with the accredited Implementing Entities who received complaints of fraud or corruption.

17. The secretariat also received a visit, on 16 February 2012, from two representatives of the West African Development Bank (BOAD), during which the secretariat had made a detailed presentation on the project and programme review cycle and criteria. It had also recruited an intern, Ms. Jeanette Lee, who had joined the secretariat on 3 January 2012. She was assisting with communications and knowledge management, and was acting as one of the report writers for the present meeting.

18. The secretariat had continued to screen applications for accreditation and since the 16th Board meeting it had received two new requests for accreditation as a National Implementing Entity (NIE) and one for accreditation as a Regional Implementing Entity (RIE). Two new accreditation applications from NIEs had been referred to the Accreditation Panel (Panel) for review and the secretariat had requested those applicants whose applications were not completed to complete the information and submit the supporting documentation. Since the inception of the accreditation process the secretariat had screened 50 applications: 34 from non-Annex I Parties, four from regional organizations and development banks, 12 from multilateral organizations and development banks. Of those, the Panel had so far reviewed 37 applications: 23 from non-Annex I parties, two from regional organizations and development banks, and 12 from multilateral organizations and development banks. She also reminded the Board that the 10th meeting of the Panel would take place in Stockholm, Sweden and she thanked the government of Sweden for its kind invitation to host that meeting of the Panel. She said that decision would involve no additional expense to the Adaptation Fund.

19. In response to questions about the number of RIEs that had been accredited, the 13 per cent fee being charged by the UNF and the desirability of signing a MOU or some other legal instrument between the UNF and the Fund, the Manager of the secretariat said that so far only one RIE had been accredited, although another was presently under review by the Panel and a further two were at the screening stage of the process. She also explained that the 13 per cent fee was levied on the actual funds being received by the UNF for the Fund.

20. Following the report by the Manager of the secretariat, the Board decided to:

- (a) Request the secretariat to draft and negotiate a memorandum of understanding /legal agreement with United Nations Foundation (UNF) in order to formalize the partnership to collect private donations online, in consultation with the Board Chair and Vice-Chair, and make the necessary arrangements for its signature; and
- (b) Launch the partnership with UNF during “Rio + 20” if the donation agreement is already signed by that date.

(Decision B.17/1)

AGENDA ITEM 6: REPORT OF THE NINTH MEETING OF THE ACCREDITATION PANEL

21. The Chair of the Panel, Ms. Angela Churie-Kallhauge (Sweden, Western European and Others Group) introduced the report of the Panel's ninth meeting, which is more fully described in document AFB/B.17/4.

22. The Panel had considered two new applications for accreditation as NIEs (NIE023 and NIE034) as well as nine previous applications that had previously been considered but had required additional information. One application had also been considered for accreditation as a RIE (RIE002) and two for accreditation as Multilateral Implementing Entities (MIEs), and those applications had also required additional information. By the time of the 17th Board meeting the Panel had concluded the review of the National Environmental Management Authority (NEMA) from Kenya, Instituto Mexicano de Tecnologia del Agua (IMTA) from Mexico, Unidad para el Cambio Rural (UCAR) from Argentina, as well as the reviews for NIE022 and MIE010. She said that the first three applications were being recommended for accreditation, with certain additional conditions in the case of NEMA. However, in the case of NIE022 a number of gaps remained with respect to the fiduciary standards and as a consequence the Panel was not in a position to recommend the accreditation of the applicant. In addition, she reported that MIE010 had withdrawn its application but would resubmit it at a later time.

23. The Chair also reported on the other nine applications that were still under review. Three of them: NIE028, NIE029 and NIE032 might be considered for intersessional approval and the Panel requested permission to submit a recommendation for intersessional accreditation after it had completed its review of the additional information. A field visit would take also place to NIE028 in order to facilitate conclusion of that review. In the case of the four remaining NIEs: NIE035, NIE018, NIE023 and NIE034, the Panel was still awaiting further information and clarifications from the applicants, or else had not yet been able to fully consider the information that had been provided. In the case of RIE002 the Panel was awaiting further clarification on how the applicant intended to address the gaps that had been identified in the fiduciary standards, while in the case of MIE011 the Panel was in conversation with the applicant to address the issue of the verification of information that was considered confidential by the applicant.

24. The Chair said that the Panel and the secretariat had been able to coordinate with the secretariat of the United Nations Framework Convention on Climate Change (UNFCCC) to hold the third regional accreditation workshop in Manila, the Philippines from 19 to 21 March 2012, and which would be attended by two members of the Panel: Mr. Peter Maertens and Mr. Ravinder Singh. She also said that the Panel had been informed by the UNFCCC secretariat that the fourth regional accreditation workshop would take place from 23 to 25 April 2012, and would also be attended by Mr. Singh as well as another member of the Panel, Mr. Murari Aryal.

25. In closing she confirmed that the 10th meeting of the Panel would take place in Stockholm, Sweden, from 10 to 11 May 2012 and that the meeting would entail no additional costs to the Adaptation Fund. She also said that Panel had taken note of the ongoing efforts to implement the online workflow and had highlighted the need to make the application form interface similar to the actual application form, to the extent that was possible. The Panel had followed up on decision B.16/6 and had revisited the issue of the translation of documents into English. Although that had remained a challenge, the Panel had agreed to assist applicants, on a case-by-case basis, in identifying the supporting documents that needed to be translated, either in full or in part. However, she reminded the Board that the applications still had to be submitted in English.

26. In response to a question as to whether any RIEs had already been approved, the Chair reminded the Board that it had, at its 14th meeting, approved the West African Development Bank (BOAD) as a RIE. A further RIE was under consideration by the Panel while two others were still being reviewed. She also said, in response to a question about the Panel's recommendation AFB/AP.9/5, that the purpose of that recommendation was to allow the Board to take an intersessional decision if the Panel found that the outstanding issues of an application had been resolved.

27. One alternate member said that his country was willing to establish an NIE but that it needed technical support to do so and he therefore welcomed the regional accreditation workshop that would be held in Manila during the week following the present meeting.

28. The Chair of the Board then closed the meeting in order for the Chair of the Panel to provide additional details on the applications that were still being considered by the Panel. Those present with a conflict of interest also left the room. Following the closed session the Chair of the Accreditation Panel presented the recommendations of the Panel for adoption by the Board.

Accreditation of the National Environment Management Authority (NEMA)

29. Having considered the recommendation of the Panel the Board decided to accredit the National Environment Management Authority (NEMA) of Kenya as a NIE on the understanding that:

- (a) NEMA would be required to prepare annual financial statements for all the project(s) funded by the Adaptation Fund; and
- (b) The annual financial statements must be audited by the National Audit Office or another external auditor and that a report must be provided within six months after the end of the financial year.

(Decision B.17/2)

Accreditation of the Instituto Mexicano de Tecnologia del Agua (IMTA)

30. Having considered the recommendation of the Panel the Board decided to accredit the Instituto Mexicano de Tecnologia del Agua (IMTA) as a NIE.

(Decision B.17/3)

Accreditation of Unidad para el Cambio Rural (UCAR) of Argentina

31. Having considered the recommendation of the Panel the Board decided to accredit the Unidad para el Cambio Rural (UCAR) of Argentina as a NIE.

(Decision B.17/4)

National Implementing Entity NIE022

32. Having considered the recommendation of the Panel the Board decided to:

- (a) Request that the secretariat communicate to the applicant (NIE022) the observations of the Accreditation Panel contained in annex IV of its ninth report (document AFB/B.17/4); and
- (b) Request that the secretariat work with the designated authority to identify a potential NIE that would meet the fiduciary standards of the Adaptation Fund.

(Decision B.17/5)

Accreditation Panel observations of applications under review

33. Having considered the recommendation of the Accreditation Panel the Adaptation Fund Board decided to authorize the Accreditation Panel to make a recommendation for an intersessional decision, if deemed appropriate, on the applications of the following applicant entities: NIE028, NIE029 and NIE032 and other applications under review if the situation should arise.

(Decision B.17/6)

AGENDA ITEM 7: REPORT OF THE EIGHTH MEETING OF THE PROJECT AND PROGRAMME REVIEW COMMITTEE (PPRC)

34. The Chair of the PPRC, Mr. Jeffrey Spooner (Jamaica, Latin America and Caribbean Countries) introduced document AFB/PPRC.8/L.1, which contained the report of the eighth meeting of the PPRC. He said that the Committee had revised its provisional agenda to add two items for consideration under the agenda item 'Other matters': the transparency of the review process and the time spent in reviewing project concepts. In his presentation he also expressed his thanks to the outgoing Chair of the PPRC, Mr. Hans Olav Ibrekk (Norway, Western European and Others Group), who had been unable to attend the present meeting, for his excellent leadership of the PPRC over the previous year.

a) Consideration of issues related to regional projects/programmes

35. The Chair of the PPRC said that the PPRC had considered a document (AFB/PPRC.8/3-AFB/EFC.8/11) on the issues related to regional projects/programmes which the Board, at its 16th meeting, had requested the secretariat to prepare, and which gave a good summary of the issues involved. He said that in considering the issue some of the PPRC members had been of the view that it might be possible for NIEs to implement regional projects and programmes in conjunction with other NIEs, or with RIEs or MIEs. However, others had observed that the accreditation process had only foreseen NIEs acting within the country they had been accredited for and that allowing NIEs to implement regional projects and programmes could raise legal and jurisdictional difficulties that would need to be considered by the Accreditation Panel. He also said that it had been suggested that regional projects and programmes be limited to those countries that shared common borders although others were of the view that some countries that did not share common borders faced similar adaptation challenges that would still be best addressed as a regional project or programme.

36. In the discussion that followed it was suggested that it would be important to consider the views of both committees at the same time to avoid taking disparate decisions.

37. The Chair of the Board said that the recommendations of the PPRC with regard to issues related to regional projects and programmes would be taken up when the Board considered the recommendations of the EFC on the same subject.

b) Revised instructions for Preparing a Request for Project or Programme Funding from the Adaptation Fund

38. The Chair of the PPRC said that the committee had considered a document (AFB/PPRC.8/4) prepared by the secretariat that contained revised instructions for preparing a request for project and programme funding from the Adaptation Fund and which also addressed the issues of the definition of vulnerability and whether there was a need for a specific template for project and programme concepts. Following a discussion the Committee had further revised the instructions and was presenting them for consideration by the Board.

39. Having considered the recommendation of the PPRC the Board decided to:

- (a) Approve the revised “Instructions for preparing a request for project or programme funding from the Adaptation Fund”, contained in the Annex to document AFB/PPRC.8/4; and;
- (b) Instruct the secretariat to post the revised “Instructions for preparing a request for project or programme funding from the Adaptation Fund” document as a separate guidance document on the website of the Adaptation Fund.

(Decision B.17/7)

c) Report of the secretariat on initial screening/technical review of the project and programme proposals

40. The Chair of the PPRC said that the secretariat had reported on the initial screening and technical review of the project and programme proposals which is more fully described in document AFB/PPRC.8/5. He also said that according to the report of the trustee (document AFB/EFC.8/7) the cumulative funding decisions for projects and programmes submitted by MIEs as of 31 December 2011 amounted to US \$90.61 million and that the cumulative funding decision for all projects and programmes amounted to US \$109.26 million. Therefore, the cumulative funding decisions for projects submitted by MIEs represented 35.4 per cent of the sum of cumulative project funding decisions and funds available to support funding decisions or, US \$255.83 million.

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

d) Project and programme proposals.

Proposals from National Implementing Entities

Benin: Adaptation of Cotonou Lagoon ecosystems and human communities to sea level rise and extreme weather events impacts (Project concept; FNE; BEN/NIE/Coastal/2012/1; US \$9,080,000)

42. The Chair of the PPRC introduced the project concept which sought to reduce the vulnerability of Cotonou’s lagoon to climate risks.

43. Having considered the recommendation of the PPRC the Board decided to:
- (a) Approve the project-formulation grant request of US \$29,000;
 - (b) Endorse the project concept, as supplemented by the clarification response provided by the Fonds National Pour L'Environnement (FNE) to the request made by the technical review;
 - (c) Request that the secretariat transmit to FNE the following observations:
 - (i) The targeted private sector stakeholders should be consulted and proof of their engagement in the process should be provided;
 - (ii) The linkage between the five expected results, or “outcomes”, of the project should be clarified further;
 - (iii) The project’s “objective”, as currently stated, is too broad and could rather be defined as the “goal” of the project. For the sake of clarity the fully-developed project document should present a main project objective that would reflect that linkage, in addition to providing five specific objectives;
 - (iv) The fully-developed project document should provide more accurate data on the expected economic benefits and the targeted gender groups that would benefit from the project;
 - (v) The final concrete adaptation options chosen for this project should be provided (if a combination of “hard” and “soft” infrastructures is chosen) and the costs adjusted accordingly;
 - (vi) The fully-developed project document should provide a table which listed the relevant past and existing initiatives, and explained the expected synergies and complementarities with the proposed project or the best practices that will be replicated through it; and
 - (vii) The activities described in the “knowledge management” section should be reflected in the specific outputs or outcomes of the project and therefore be described in the “components and financing” and the “results framework” tables of the fully-developed project document.
 - (d) Request FNE to transmit the observations referred to under item (c) above to the Government of Benin; and
 - (e) Encourage the Government of Benin to submit through FNE a fully-developed project proposal that would address the observations made under paragraph (c) above.

(Decision B.17/8)

Proposals from Multilateral Implementing Entities

Concepts

Belize: Belize Marine Conservation and Climate Adaption Project (Project concept; World Bank; BIZ/MIE/Coastal/2011/1; US \$6,000,000)

44. The Chair of the PPRC introduced the project concept which focused on the marine ecosystems of Belize, and especially on the Belize Barrier Reef System, given the reef's importance to livelihoods, and as a buffer against storm surges.

45. Having considered the recommendation of the PPRC the Board decided to:

- (a) Endorse the project concept, as supplemented by the clarification response provided by the World Bank to the request made by the technical review;
- (b) Request that the secretariat transmit to the World Bank the following observations:
 - (i) The fully-developed project document should identify specifically how the project will overcome the challenges faced in the previous Coastal Zone Management projects in Belize (including the project of the Global Environment Facility "Sustainable Development and Management of Biologically Diverse Coastal Resources") in order to address a more holistic multi-ecosystem approach; and
 - (ii) The fully-developed project document should clearly outline the measures being proposed to ensure project sustainability, including the role and status of the Marine Conservation and Climate Adaptation Initiative (MCCAI); for while Adaptation Funds are not being used for the development and establishment of the MCCAI, the long-term impact of the proposed project should not be compromised should the initiative not have the intended outcome.
- (c) Request the World Bank to transmit the observations referred to under item (b) above to the Government of Belize; and
- (d) Encourage the Government of Belize to submit through the World Bank a fully-developed project proposal that would address the observations made under paragraph (b) above.

(Decision B.17/9)

Cambodia: Enhancing Climate Resilience of Rural Communities Living in Protected Areas of Cambodia (Project Concept; UNEP; KHM/MIE/Food/2011/1; US \$4,954,273)

46. The Chair of the PPRC introduced the project concept which planned to address the reduction in food supplies caused by the climate change hazard of erratic rainfall in Protected Areas in Northern Cambodia and to reduce soil erosion in communities surrounding at least three Community Protected Areas in Cambodia.

47. Having considered the recommendation of the PPRC the Board decided to:

- (a) Endorse the project concept, as supplemented by the clarification response provided by the United Nations Environment Programme (UNEP) to the request made by the technical review;
- (b) Request that the secretariat transmit to UNEP the observation that during the development of the fully-developed project document the project proponent:
 - (i) Should prioritize the specific activities within the components, in view of what problems are being addressed in order to focus the useful activities towards solving the underlying problems of sustainable resource management and in order to ensure effective management of those activities; and
 - (ii) Should explain more specifically how the project would build upon the information and outputs generated by other projects or programmes such as the ones listed in the concept and e.g. the Cardamom Conservation Landscape Program implemented with Conservation International.
- (c) Request UNEP to transmit the observations referred to under item (b) above to the Government of Cambodia; and
- (d) Encourage the Government of Cambodia to submit through UNEP a fully-developed project proposal that would address the observations made under paragraph (b) above.

(Decision B.17/10)

Lebanon: Climate Smart Agriculture: Enhancing Adaptive Capacity of the Rural Communities in Lebanon (AgriCAL) (Project Concept; IFAD; LBN/MIE/Agri/2012/1; US \$7,860,825)

48. The Chair of the PPRC introduced the project concept which planned to support the implementation of climate change adaptation measures in the agriculture sector in three highly vulnerable focus areas, targeting the poor smallholders of various communities living in those areas.

49. Having considered the recommendation of the PPRC the Board decided to:

- (a) Endorse the project concept, as supplemented by the clarification response provided by the International Fund for Agricultural Development (IFAD) to the request made by the technical review;
- (b) Request the secretariat to transmit to IFAD the following observations;
 - (i) The baseline situation on the number of weather stations at national level should be provided;
 - (ii) The fully-developed project document should provide information on the beneficiaries, with sex-disaggregated data whenever possible and the relevant information should be provided in the “benefits” section of the document;
 - (iii) The alternative options to the proposed measures that were considered should be provided, in order to better assess the project cost effectiveness; and

- (iv) The consultations so far did not include any representatives of local authorities or community organizations. At the fully-developed proposal stage, the consultations should be widened and include both the potential beneficiary groups and the vulnerable groups, and should ensure, whenever possible, that the process is gender-balanced.
- (c) Request IFAD to transmit the observation under item (b) to the Government of Lebanon; and
- (d) Encourage the Government of Lebanon to submit through IFAD a fully-developed project proposal that would address the observations made under paragraph (b) above.

(Decision B.17/11)

Fully-developed proposals

Colombia: Reducing Risk and Vulnerability to Climate Change in the Region of La Depression Momposina in Colombia (Fully-developed project document; UNDP; COL/MIE/DRR/2011/1; US \$9,834,440)

50. The Chair of the PPRC introduced the proposed project which sought to reduce vulnerability to climate change (particularly flooding and drought) in La Depression Momposina region of Colombia through a combination of ecosystem-based and agricultural activities.

51. Having considered the recommendation of the PPRC the Board decided to:

- (a) Not approve the project document, as supplemented by the clarification response provided by the United Nations Development Programme (UNDP) to the request made by the technical review;
- (b) Request that UNDP reformulate the proposal taking into account the following:
 - (i) The proposal should elaborate on the consultative process in the areas of the proposed protected area, including the number of people that live within or around the area, and who are presumably the component's beneficiaries;
 - (ii) The proposal should address the threats of continued anthropogenic degradation and the role of community-based management and other incentives to mitigate degradation (nearby or within project sites) that could potentially undermine the ecosystem-based adaptation (EBA) being sought in the proposed areas, which is of particular relevance if the proposed income-generating activities and silvo-pastoral techniques do not produce a sizeable economic incentive to deter deforestation and cattle ranching; and
 - (iii) The project budget should reflect a higher degree of cost-effectiveness and should be significantly reduced, particularly for the cost of consultants, equipment, and contractual services throughout the entire budget; especially as there appears to be a significant potential for cost efficiency in Component 1.

- (c) Request UNDP to transmit the observation under item (b) to the Government of Colombia.

(Decision B.17/12)

Ghana: Increase Resilience to Climate Change in Northern Ghana through the Management of Water Resources and of Livelihoods (Fully-developed project document; UNDP; GHA/MIE/Water/2012/1; US \$8,850,000)

52. The Chair of the PPRC introduced the proposed project which sought to enhance the resilience and adaptive capacity of rural livelihoods to climate change impacts and risks on water resources in the northern region of Ghana.

53. Having considered the recommendation of the PPRC the Board decided to:

- (a) Not approve the project document, as supplemented by the clarification response provided by the United Nations Development Programme (UNDP) to the request made by the technical review;
- (b) Request that UNDP reformulate the proposal taking into account the following:
- (i) The project design, description, and its activities lack a strong foundation in consultation with the communities involved and the intended beneficiaries; and although the proponent makes the argument that the baseline is likely to change between proposal submission and the inception of the project, that argument has not been justified. It is strongly recommended that a comprehensive consultation process be carried out during project preparation rather than deferring crucial elements of project design until the inception phase;
 - (ii) The activities and scope of the project should be comprehensively elaborated further, including, but not limited to: specifying the number of beneficiaries, quantifying the benefits of the project, demonstrating its cost-effectiveness (including financial data), documenting the lessons from other projects the project will build upon, aligning the proposal with gender considerations with regards to integrating women into the community management mechanisms the project intends to create, justifying the linkages between components to establish a framework that will exist after the lifetime of the project, strengthening the results framework and indicators, and providing a budget with budget notes detailed to the output level; and
 - (iii) The project budget should be either further justified or reduced, including, but not limited to, the “softer” components 1 and 4, particularly as the results have not been quantified.
- (c) Request UNDP to transmit the observation under item (b) to the Government of Ghana.

(Decision B.17/13)

Papua New Guinea: Enhancing adaptive capacity of communities to climate change-related floods in the North Coast and Islands Region of Papua New Guinea (Fully-developed programme document; UNDP; PNG/MIE/DRR/2010/1; US \$6,530,373)

54. The Chair of the PPRC introduced the proposed programme which aimed to strengthen the ability of communities in Papua New Guinea to make informed decisions about and adapt to climate change-driven hazards affecting both coastal and riverine communities.

55. Having considered the recommendation of the PPRC the Board decided to:

- (a) Approve the programme document, as supplemented by the clarification response provided by the United Nations Development Programme (UNDP) to the request made by the technical review;
- (b) Approve the funding of US \$6,530,373 for the implementation of the programme, as requested by UNDP; and
- (c) Request the secretariat to draft an agreement with UNDP as the Multilateral Implementing Entity for the programme.

(Decision B.17/14)

e) Transparency of the review process

56. The Chair of the PPRC said that as the process of the approval of projects and programmes had developed, there had been calls for greater transparency in the decision making process of the Committee. The Committee therefore recommended that the secretariat post on the website of the Adaptation Fund the final technical review for each project or programme proposal being considered by the PPRC before the meeting at which that project or programme proposal was to be considered.

57. In the discussion that followed it was asked whether the Implementing Entities or the Governments concerned would have a veto over any sensitive information contained in the final technical reviews. While it was agreed that sensitive information was a legitimate concern, it was also pointed out that most other international funds were also posting such project documents and that the sensitive information would have been addressed before the project documents were posted on the website. It was also pointed out that those project documents were already being posted in the website and that the final technical reviews were simply addendums to those documents and that they dealt with technical questions and did not contemplate sensitive information.

58. Having considered the recommendation of the PPRC the Board decided to request the secretariat to post on the website of the Adaptation Fund the final technical review for each project or programme proposal being considered by the PPRC before the meeting at which that project or programme proposal will be considered.

(Decision B.17/15)

f) Time spent reviewing project concepts

59. The Chair of the PPRC said that the secretariat had explained that the review of a concept required as much time as that for a fully-developed project document. However, in the case of the two-step review process that initial review sometimes saved time later on when the project concept was resubmitted as a fully-developed proposal.

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

AGENDA ITEM 8: REPORT OF THE EIGHTH MEETING OF THE ETHICS AND FINANCE COMMITTEE (EFC)

61. The Chair of the EFC, Mr. Yukata Matsuzawa (Japan, Annex I Parties) gave a report on the eighth meeting of the EFC, described in detail in document AFB/EFC.8/13/Rev.1. He noted that the EFC had welcomed five new members, three of whom were new to the Board and two of whom had switched over from the PPRC. He said that none of the members of the EFC had declared conflict of interest with any of the agenda items that had been considered by it.

62. In reply to several questions the Chair also said that the Committee had discussed, under other matters, how to respond to the joint letter from UNDP and UNEP on the standard legal agreement between the Board and implementing entities.

a) Reports on project/programme implementation: CSE

63. The Chair of the EFC recalled that the agreement signed between the Board and the NIE for Senegal, the Centre de Suivi Ecologique (CSE), had provided for CSE to submit to the Board semi-annual reports on the status of the implementation, including disbursements made during the relevant period, of the programme "Adaptation to coastal erosion in vulnerable areas" (Senegal). He also reminded the Board that at its 15th and 16th meetings it had considered the first report submitted by CSE and had approved the second tranche of funding for the project. The second semi-annual report submitted to the EFC had used the project and programme review template that had been approved by the Board at its 16th meeting.

64. The Chair also said that the programme had secured community consensus, had implemented key milestones in a satisfactory manner, with only minor delays, and had conducted the procurement process in an open and transparent manner. Consequently the Committee was recommending that the Board approve a third tranche of funding for the programme as well as a learning mission to Senegal that would collect and disseminate the lessons learned by the implementation of the programme.

65. Having considered the recommendation of the EFC the Board decided to:

- (a) Approve the third tranche of funds requested by CSE for the implementation of the programme "Adaptation to coastal erosion in vulnerable areas" (Senegal), in the amount of US \$1,780,000;
- (b) Request the trustee to transfer to CSE US \$1,780,000 as agreed to in the disbursement schedule included in the programme agreement;
- (c) Approve a learning mission to the programme implemented by CSE; and

- (d) Request the secretariat to include a budgetary provision for the learning mission in the Board and secretariat budget proposal for Fiscal Year 2013 (FY13).

(Decision B.17/16)

b) Implementing Entities acting as Executing Entities

66. The Chair of the EFC reminded the Board that the PPRC had identified the policy issue of Implementing Entities acting as Executing Entities and that the Board had requested the EFC to consider the circumstances, conditions and criteria under which that would be possible. Some in the EFC had considered such a situation undesirable both because of the potential for conflicts of interest and because of the possibility that MIEs involved in that dual role might weaken the involvement of NIEs, and thus weaken the direct access modality and hinder the ability of developing countries to strengthen local institutional capacity. It had therefore been proposed that any allowance for such a dual role be very limited given that the only proposal for such an arrangement was that in the project for Myanmar.

67. In the discussion that followed it was observed that the proposed recommendation needed to be further revised to address the issue of national capacity and the ownership of the project by Myanmar as well as the issue of how an Implementing Entity was to evaluate itself when acting as an Executing Entity. That monitoring and evaluation function would have to be further addressed as the PPRC would need to be able to understand how UNDP would monitor the project in Myanmar. It was also important to consider how the country would develop its own capacity, an issue that was also of general interest for developing countries. Some also said that the Executing Entity function should be shared with the NIEs, where possible, although that also depended on country capacity and the technical subjects to be dealt with by the Designated Authority. It was also suggested that the text of the recommendation should be modified to ensure that Myanmar's local and national institutions were involved as co-executing entities.

68. In response to a question as to whether the recommendation was only applicable to the case of Myanmar, it was observed that the EFC had only dealt with the specific issue of Myanmar and had not considered the issue of the rules needed for NIEs to act as both Implementing and Executing Entities, which could be discussed at a subsequent meeting.

69. Having considered the recommendation of the EFC the Board decided to request that the secretariat convey to UNDP the requirements below, which shall be considered by the PPRC when reviewing the fully developed project "Addressing Climate Change Risks on Water Resources and Food Security in the Dry Zone of Myanmar" proposed for Myanmar:

- (a) That UNDP provide a rationale, which shall be reaffirmed by the Designated Authority in the letter of endorsement, for serving as both the Implementing Entity and the Executing Entity for Myanmar's project;
- (b) That UNDP ensure that detailed and specific steps will be in place to involve Myanmar's local/national institutions as co-executing entities for the execution of the components of the adaptation project to ensure that national ownership is achieved, and that those detailed and specific steps shall be described in the project proposal;

- (c) That adequate arrangements have been made to provide for clear separation of implementing and executing functions and responsibilities, including those of monitoring and evaluation, supervision and reporting;
- (d) That an independent mid-term evaluation be conducted, which shall include the evaluation of executing arrangements;
- (e) That UNDP demonstrates that it has the capacity to execute all the components of the Myanmar project; and
- (f) To cap execution costs for projects/programmes implemented and executed by the same entity at 1.5% of the project/programme cost.

(Decision B.17/17)

c) Investigative procedure

70. The Chair of the EFC said that the Board, at its 16th meeting, had considered a recommendation of the EFC on how to address cases of financial mismanagement by Implementing Entities and had requested the secretariat to present an investigative procedure for the consideration of the EFC at its 8th meeting which would include the potential costs, as well as any other conflicts of interest (Decision B.16/22). He said that the Manager of the secretariat had provided a summary of the proposed procedure.

71. Having considered the recommendation of the EFC the Board decided to:

- (a) Request Board members and alternates to send comments on the proposal of investigative procedures contained in document AFB/EFC.8/4 to the secretariat by 1 May 2012; and
- (b) Request the secretariat to;
 - (i) Continue its consultations on the proposal of investigative procedures, as appropriate; and
 - (ii) Present a revised version of the investigative procedure to the EFC at its 9th meeting for consideration, taking into account comments provided by Board members and alternates.

(Decision B.17/18)

d) Implementation of the 50 per cent cap on MIE project approvals

72. The Chair of the EFC reminded the Board that the funds approved for projects implemented by MIEs were approaching the cap that had been set by decision B.12/9 and that the members and alternates had been invited to submit proposals to the secretariat on how best to implement the 50 per cent cap on MIEs. The EFC had considered several options on how to handle the growing number of MIE projects: a "first come, first served" procedure in which funds were prioritized based on the date of the approval of the project, subject to the availability of funds; the suspension of new proposals from MIEs until the pipeline of endorsed concepts had cleared, or until the amount of funds committed to MIEs dropped below a threshold of 40 per

cent; or to prioritize approved projects/programmes in excess of the cap in a pipeline based on the “net cost” of the project.

73. In the discussion that followed the Board was reminded that its mandate was to develop the direct access mechanism which had been the reason for the 50 per cent cap on MIE project approvals. The Kyoto Protocol Parties had instituted the regional workshops to increase the number of NIEs but the growing number of proposals submitted by MIEs was threatening that process, which meant that project and programme submissions from MIEs should be suspended once they were in excess of the cap of 50 per cent. However, others pointed out that the proposal did not intend to change the cap but rather to create a pipeline for projects once the cap had been exceeded. The purpose was to allow further projects to be considered and recommended for approval but to suspend their funding approval until more funds were available. However, in order to ensure that the pipeline did not get too large it should be capped at 60 per cent, which might also have the effect of encouraging donations to enlarge the pool of funding available. It was also observed that there appeared to be some confusion as to whether it was approved or endorsed projects that were being placed in the pipeline.

74. In response to a clarification for the meaning of the term “net cost” the Chair of the EFC explained that by “net costs” were meant the total project cost minus the implementation fee. He also said that the suggested criteria for prioritization would be applied sequentially.

75. Having considered the recommendation of the EFC the Board decided to:

- (a) Maintain the 50 per cent cap on the funding of project/programmes implemented by MIEs established by decision B.12/9, and exclude project/programme concepts from the 50 per cent calculation;
- (b) Establish a pipeline of fully developed projects/programmes that have been recommended by the PPRC for approval by the Board, but exceeding the 50 per cent cap;
- (c) Prioritize the projects/programmes in the pipeline by sequentially applying the following criteria:
 - (i) Their date of recommendation by the PPRC;
 - (ii) Their submission date; and
 - (iii) The lower “net” cost.
- (d) Consider fully developed projects/programmes in the pipeline for approval, subject to availability of resources and respecting the 50 per cent cap; and
- (e) Request that the EFC consider at its 9th meeting the suspension of project/programme submissions as the last measure and elaborate on a clear threshold that indicates when the measure should be applied (e.g. 60 per cent excess of the cap).

(Decision B.17/19)

e) Consideration of financial issues related to regional projects/programmes

76. The Chair of the EFC reminded the Board that at its 13th meeting it had decided to approve, as a temporary measure, a cap of US \$10 million per country and to request the secretariat to present a proposal to the EFC on how regional projects and programmes would be considered within that cap. At its 14th meeting the Board had also established an ad-hoc working group to consider the issues of regional criteria, country caps, and the definition of regional projects/programmes. The Board had then requested the secretariat to produce a revised paper that reflected the experience on regional projects and programmes gained by other agencies, and regional development banks and present a proposal on the definition of regions in the context of regional projects and programmes. Following consideration of the revised document at its 16th meeting, the Board had decided to revise the paper and requested both the PPRC and the EFC to consider different aspects of it, with the PPRC excluded from considering the issues of the effect of the 50 per cent cap on MIEs or the granting of an additional US \$5 million for regional projects.

77. The Chair said that it appeared from the discussion under the PPRC report that the PPRC and the EFC had taken different approaches to the issues and had come to different conclusions.

78. In the discussion that followed it was pointed out that it would also be important to consider the views of both the Panel and the PPRC, and the Chair of the Board suggested that a working group be created to intersessionally consider the views submitted by the members and alternates.

79. Having considered the recommendation of the EFC the Board decided to:

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

(Decision B.17/20)

f) Proposed amendments to the evaluation framework

80. The Chair of the EFC reminded the Board that at its 15th meeting it had entrusted the Evaluation Function of the Adaptation Fund to the GEF Evaluation Office for an interim period of three years, and that it also had approved the Evaluation Framework in annex II of document AFB/EFC.6/4, and requested the GEF Evaluation Office and the secretariat to prepare a final version of the Evaluation Framework. However, during the preparation of the final version the GEF Evaluation Office had identified sections of the framework that required additional input and the EFC had therefore considered the proposed amendments of the Evaluation Office which were contained in document AFB/EFC.8/12. The Evaluation Function supported the Evaluation Framework through three functions, described in the document as evaluative, normative and oversight. The Chair of the EFC reported that the EFC had recommended that

the term “normative” be changed to “advisory” and that the document be approved with that modification.

81. The Chair said that the changes will be attached as an annex to the present report.

82. Having considered the recommendation of the Ethics and Finance Committee the Board decided to:

- (a) Approve the amendments to the evaluation framework as contained in annex III to the Board’s report, including the modifications made by the EFC to the new paragraph 25 of the framework; and
- (b) Request the secretariat to post on the Fund website the amended version of the evaluation framework.

(Decision B.17/21)

g) Implementation of the code of conduct

Implementation of decision B.15/25

83. The Chair of the EFC reminded the Board that at its 16th meeting it had decided to defer consideration of the issue of lobbying by a former member with respect to a project located in his country and had requested the EFC to consider how to implement the code of conduct in such cases.

84. Having considered the recommendation of the EFC the Board decided to:

- (a) Reaffirm the terms of the code of conduct of the Board in its entirety;
- (b) Request accredited implementing entities to abstain from providing assistance to Board members/alternates for lobbying activities that may undermine the integrity and professionalism of the Board’s work; and
- (c) Request the secretariat to consider draft amendments to the code of conduct for consideration at the 10th EFC meeting.

(Decision B.17/22)

Conflict of interest involving a new Board member

85. The Chair of the EFC said that it had been brought to his attention that a new member/alternate of the Board worked for a private firm that traded in CERs and accordingly should be absent from any discussion related to CER monetization. He also noted that the member in question had declared that conflict of interest at the start of the present meeting of the Board.

86. Having considered the recommendation of the EFC the Board decided to reaffirm that the code of conduct requires members having an actual or perceived conflict of interest be absent during the deliberation and adoption of recommendations or decisions on issues related to such conflict of interest.

(Decision B.17/23)***h) Financial issues****Fundraising strategy*

87. The Chair of the EFC reminded the Board that at its 16th meeting it had considered the constraints currently faced by the Adaptation Fund due to the modest level of resources available, caused in part by the lower prices for CERs. The EFC had accordingly considered document AFB/EFC.8/6 which contained the options for a fundraising campaign and strategy that had been prepared by the secretariat, in consultation with the trustee, at the request of the Board (Decision B.16/24).

88. In the discussion that followed it was observed that section IV.4 of the document appeared complicated and perhaps beyond the capacity of the secretariat to implement. It was also observed that the concepts listed under section IV.4 would be a serious commitment by the Board and one that had to be very carefully considered. However, it was also pointed out that decision B.16/24 had instructed the secretariat to prepare the fund raising campaign and strategy in consultation with the trustee, which might help the secretariat with the further analysis of the suitability and feasibility of those concepts.

89. Having considered the recommendation of the EFC the Board decided to:

- (a) Set an initial fundraising target of US \$100 million on an interim or experimental basis initially up until the end of 2013;
- (b) Request the secretariat to:
 - (i) Prepare a briefing note, for presentation at the next meeting of the EFC, on relevant ongoing mechanisms being discussed in various fora, assessments of how the Fund might benefit from selected mechanisms, and inputs from all interested stakeholders that have been collected through a public call for comment;
 - (ii) Prepare and organize the agenda for a meeting with donors in the margins of the session of the Subsidiary Bodies of the UNFCCC in May 2012, for approval by the Board intersessionally, and to coordinate the logistics as needed; and
 - (iii) Suggest, at the next Board meeting, a list of potentially relevant meetings to be organized or attended up until the end of 2012 and the inclusion of a budgetary provision in its budget proposal for fiscal year 2013.
- (c) Announce the scheduled signing of the agreement with the UNF, referred to in Decision B.17/1, at the Rio+20 meeting in June, assuming all necessary arrangements have been made by that time;
- (d) Further request the secretariat, in consultation with the trustee, to:
 - (i) Continue exploring the interest of other potential partner entities in establishing other mechanisms to encourage individual donations. The

secretariat may be requested to report back to the Board at its 18th meeting on its findings and with concrete proposals, if appropriate;

- (ii) Provide a detailed implementation plan for the issuance of adaptation certificates, as well as operational details and implications for the consideration of the EFC at its 9th meeting;
 - (iii) Provide further implementation and operational details on options to facilitate cash flow management, as well as potential implications, for the consideration of the EFC at its 9th meeting; and
 - (iv) Continue its analysis of the suitability and feasibility of the concepts listed in section IV.4 of document AFB/EFC.8/6 as potential fundraising mechanisms for the Fund and to report back to the EFC at its 9th meeting.
- (e) Further request the secretariat to expedite and ensure the development and implementation of points a) to f) in paragraph 61 of document AFB/EFC.8/6, and communicate to the Board any budgetary implications of these activities for inclusion in the budget for fiscal year 2013.

(Decision B.17/24)

Status of the resources of the Adaptation Fund Trust Fund

90. The Chair of the EFC reported on the presentation of the trustee which is more fully described under agenda item 13 b.

CER Monetization

91. The Chair of the EFC reported on the presentation of the trustee which is more fully described under agenda item 13 a.

Proposal of amendment to CER monetization guidelines

92. The Chair of the EFC reported that the trustee had introduced amendments to the CER monetization guidelines that were designed to eliminate the need for a minimum inventory of CERS and provide additional clarity for the instructions from the Board on the sale of CERs, as well as for the removal of the requirement for a Settlement Agent to settle CER trades.

93. Having considered the recommendation of the EFC the Board decided to:

- (a) Approve the amendments to the CER monetization programme guidelines as contained in document AFB/EFC.8/9;
- (b) Allow the EFC to discuss a strategy for CER monetization at its 9th and 10th meetings;
- (c) Request the trustee to present a concrete proposal for direct CER sales to governments, including the preparation of a standard legal agreement, options for price maximization, and propose the appropriate amendments to the guidelines, taking into account the principle of transparency; and

- (d) Request that the trustee provide to the Board proactive advice regarding the issues under its responsibility.

(Decision B.17/25)

Investment strategy

94. The Chair of the EFC reminded the Board that at its 16th meeting it had requested the trustee to provide advice on options for potential investments taking into account its mandate and the risk profile of the Fund as well as its liquidity needs. Consequently the trustee had prepared document AFB/EFC.8/10, which had been considered by the EFC at its 8th meeting.

95. Having considered the recommendation of the EFC the Board decided to:

- (a) Express support for the trustee's proposed investment strategy as outlined in document AFB/EFC.8/10; and
- (b) Request the trustee to provide further reporting on the implementation of this strategy at the next and future meetings.

(Decision B.17/26)

i) Other matters

Budgetary amendments

96. The Chair of the EFC reported that the Manager of the secretariat had requested amendments to the budget for the fiscal year 2012 to incorporate US \$118,241 for GEF secretariat cross-support for fiscal year 2011, which had been omitted from that year's budget, and whose background is more fully described in the letter by the Team Leader of Operations and Business Strategy of the GEF secretariat to the Board attached as annex IV to the present report. An additional amendment request of US \$50,000 refers to the fees for the consultant that had prepared the performance review of the trustee and secretariat. This amount was included in the budget of fiscal year 2011 but had not been spent during that period and had been omitted from the budget for fiscal year 2012.

97. Clarification was sought for the need to make the request, as well as how the funds had been accounted for if they had remained unspent. Concern was also expressed at the lack of a mechanism to carry unspent funds over from one year to the next.

98. The Manager of the secretariat explained that when funds were unspent they returned to the Trust Fund at the end of the year unless a request was made to reallocate them.

99. Having considered the recommendation of the EFC the Board decided to approve the secretariat's proposed amendment to the fiscal year 2012 (FY12) budget, adding the amounts of US \$118,241 to cover the cross support provided by the GEF secretariat in fiscal year 2011 (FY11) that was not charged during that year; and US \$50,000 to properly reflect the payment to the consultant that prepared the secretariat and trustee performance reviews.

(Decision B.17/27)

Joint letter from UNDP and UNEP on standard legal agreement for project/programme implementation

100. The Chair of the EFC said that upon receipt of the letter on the standard legal agreement, sent by the outgoing Chair and dated 7 March 2012, UNDP and UNEP had responded indicating that, following the clarifications received they were now in a position to proceed with the signing of those agreements. This letter had been distributed among all the Board members.

101. One member suggested responding to the letter reaffirming the position expressed in previous letters.

102. The Board took note of the joint letter from UNDP and UNEP, attached as annex V to the present report.

AGENDA ITEM 9: ISSUES REMAINING FROM THE 16TH BOARD MEETING:

a) *Performance review on the secretariat and trustee report of the working group established by decision B .16/30*

103. The outgoing Chair of the Board, speaking as the Chair of the working group established to consider the performance review of the secretariat and trustee (decision B.16/30), reported that the working group had considered the performance review report but that some elements still needed additional clarification. She said that the working group would continue to work intersessionally and present its final conclusions to the Board at its 18th meeting. She also said that in order to ensure the quality of the co-reviews undertaken by the GEF cross cutting support it was important for those involved to have at least the same experience as the dedicated team of the AFB Secretariat as some of the co reviewers from the GEF cross cutting support did not have any experience on reviewing adaptation projects and programs when they started co reviewing.

104. The Board took note of the report of the outgoing Chair.

b) *Issues arising from CMP7*

105. The Manager of the secretariat said that there were two decisions on the CMP that required further consideration by the Board: decision 6/CMP.7 on the report of the Board and 7/CMP.7 on the review of the Fund. In paragraph 3 of 6/CMP.7, the CMP looked forward to the organization of two further regional workshops to assist in the accreditation of NIEs, which were planned for Asia and Pacific regions during the first half of 2012. She reminded the Board that the Chair of the Panel had already reported on that issue and that the Panel and the secretariat had been able to coordinate with the UNFCCC secretariat so that the third accreditation workshop would take place in Manila, the Philippines from 19 to 21 March 2012 and that the fourth would take place in Samoa from 23 to 25 April 2012.

106. With respect to decision 7/CMP.7, paragraph 1 of the decision requested the Board to submit to the UNFCCC secretariat, as soon as possible after its 17th meeting, its views on the report on the review of the interim arrangements of the Adaptation Fund for inclusion in an information document which would then be considered by the Subsidiary Body for Implementation when recommending a draft decision to the CMP.

107. The Board took note of the presentation by the Manager of the secretariat.

c) Report on the dialogue with bilateral and multilateral entities to support accreditation of NIEs

108. The Board deferred consideration of the agenda item until its 18th meeting.

AGENDA ITEM 10: STRATEGIC DISCUSSION ON OBJECTIVES AND FURTHER STEPS OF THE FUND.

109. The Board deferred consideration of the agenda item until its 18th meeting.

AGENDA ITEM 11: LEGAL SUPPORT TO THE BOARD: CURRENT ARRANGEMENTS AND CONFLICT OF INTEREST.

110. The Board deferred consideration of the agenda item until its 18th meeting.

AGENDA ITEM 12: COMMUNICATIONS AND OUTREACH:

a) Report on the implementation of the communications strategy

b) Events: Rio +20

111. The Manager of the secretariat reminded the Board that she had addressed both sub-items under in her report under agenda item 5.

c) Photo contest

112. The Manager of the secretariat said that the secretariat was working with GermanWatch on the photo contest and that more information would be provided to the Board at its 18th meeting.

113. Mr. Sven Harmeling of GermanWatch said that his organization would start outreach to the NGOs to disseminate information about the contest and to recruit photographs for it.

114. The Board took note of the presentation by the Manager of the secretariat.

AGENDA ITEM 13: FINANCIAL MATTERS:

a) CER monetization

115. The trustee reported that it had sold over 10 million Fund CERs to date for proceeds of over US \$170 million. The average price achieved before trading had stopped in October 2011 amounted to €12.43, or €0.36 over the average prevailing market price since inception of the monetization program. The trustee reported that since resumption of CER sales on 1 February 2012, pursuant to the Board's instructions, the trustee has achieved an average price of €4.52, or €0.05 over the average market price during that period. The trustee reported that the Fund's CER inventory amounted to 6.9 million CERs at the end of January 2012, comprising 3.2 million industrial gas CERs, 2.6 million 'green' CERs, and 1.1 million CERs derived from large hydro projects.

116. In response to a question about the sale of the CERs being held by the Fund, the trustee said that it had not yet sold any Green CERs and that it would prioritize the sale of Industrial Gas CERs and those from large hydro projects.

117. The Board took note of the presentation of the trustee on CER monetization.

b) Financial status of the Adaptation Fund Trust Fund

118. The trustee presented the information contained in AFB/EFC.8/7 (Financial Status of the Adaptation Fund Trust Fund), supplemented by AFB/EFC.8/7/Add.1 (Transaction Record - Individual CER Sales). The funds held in trust amounted to US \$243 million, and funds available to support Board funding decisions amounted to US \$146 million at December 31, 2011. The trustee reported that, in addition to proceeds from CER sales, it had signed donation agreements with other parties amounting to over US \$100 million. Since the last reporting period, the trustee executed donation agreements with two countries for donations in their own currencies: the Kingdom of Sweden (kr100 million) and Switzerland (Fr3 million). An agreement for an additional £10 million had also recently been concluded with the United Kingdom of Great Britain and Northern Ireland. The trustee's report contained an estimate of potential resources available for new commitments by the Board up to end of 2012, an amount which was of between US \$180 million and US \$225 million, and which depended on CER prices, the issuance volume of CERs by the Clean Development Mechanism of the Kyoto Protocol, and the exchange rates between currencies.

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

AGENDA ITEM 14: BOARD MEETING FOR 2012.

120. The Manager of the secretariat introduced document AFB/ B.17/ 5 which contained a proposal for reducing the number of meetings of the Board. That document contained three sections: the cost savings to be expected, the procedures for intersessional decisions in lieu of Board meetings, and the implications for both the project/programme cycle and the accreditation process.

121. One Board member suggested that it still might be premature to take a decision on the issue as the present meeting had demonstrated that the Board still had a great deal of work to get through at its meetings. However, others expressed support for the proposal by the secretariat and observed that it might still be possible to reduce the frequency of the meetings provided that the meetings themselves were held over four days instead of the present three, as that would allow both the PPRC and the EFC more time to address their work.

122. It was also noted that if the number of meetings were to be reduced then the third meeting of the year should be held before the CMP and not after it, thus allowing the Board to present a full report of its operations during the year to the CMP. It was also pointed out that although it was possible to reduce the number of meetings it would still be premature to take a decision on the issue of the procedures for intersessional decision making, and it would be useful to have the input of the Panel, the EFC and the PPRC on that subject.

123. In response to a question about the work-load and number of staff of other funds, the Manager of the secretariat said that the secretariat of the Adaptation Fund Board was the smallest in comparison with the Montreal Protocol's Multilateral Fund (MLF), the Climate

Investment Funds (CIF) and the GEF, and that it also had to organize the largest number of meetings in comparison with them. She said that reducing the number of meetings to three would give more time for the project cycle and allow the secretariat more time to review the proposals.

124. Following the discussion the Manager of the secretariat proposed that the remaining dates of the meetings of the Board for the present year be changed, with the 18th meeting to take place in Bonn, Germany from 26 to 29 June 2012 and the 19th meeting to take place tentatively in Bonn, Germany from 23 to 26 October 2012.

125. The Board decided to:

- (a) Approve the reduction of Board and Panel meetings to three per year;
- (b) Consider at a subsequent meeting whether to allow intersessional consideration and approval of new accreditation applications, apart from the current practice of considering for approval only applications already discussed in session by the Board;
- (c) Consider at a subsequent meeting whether to allow intersessional approval of:
 - (i) Any submissions received by an established deadline, or
 - (ii) Only certain kinds of proposals received by an established deadline.
- (d) To revise the schedule of meeting dates approved in decision B.15/32 as follows:
 - (i) To hold the 18th meeting of the Board in Bonn, Germany from 26 to 29 June 2012; and
 - (ii) To tentatively hold the 19th meeting of the Board in Bonn, Germany from 23 to 26 October 2012.
- (e) Request the secretariat to present to the Board a calendar of cut-off dates and approval dates and post them on the website.

(Decision B.17/28)

AGENDA ITEM 15: DIALOGUE WITH CIVIL SOCIETY ORGANIZATIONS.

126. The Chair stressed the importance of more transparency in the processes of the Fund to ensure that its decisions were taken in a transparent way. To that end the Board would keep its closed sessions to a minimum and had requested the secretariat to post on the website the final technical review for each project or programme proposal being considered by the PPRC. He then invited Mr. Sven Harmeling and Mr. Alpha Oumar Kaloga, the representatives of GermanWatch, to make a presentation on behalf of the civil society organizations present.

127. Mr. Harmeling reminded the meeting that despite the late hour it was still important to ensure that the dialogue with civil society organizations took place. He said that GermanWatch continued its coordinating function for the other organizations in the Adaptation Fund NGO Network (NGO Network), and explained that there was a cycle to the meetings of the Board, which meant that some drew more attendance than others. That did not mean that there had

been a lack of interest in present meeting. NGOs were coordinating with Kenya, Rwanda and South Africa and the NGO Network expected more partners at its next meeting at Rio + 20. He requested at least two sessions of the Dialogue with civil society organizations be held before Board meetings, as had been the case during 2011. He also said that a regional dialogue would take place in West Africa and that another was planned for the Central American region later in the year. Further, a side event was planned during the meetings of the Subsidiary Bodies that would focus on the Adaptation Fund and the Green Climate Fund.

128. Mr. Harmeling also observed that as there had been an increase in the number of NIEs there was also a continued need for more reliable sources of funding for the Adaptation Fund and that therefore it was a good thing that other sources of funding were being looked at by the Board. However, those sources of funding should not be such complex mechanisms as trading in carbon certificates, and the NGO network would try to help to get countries to contribute donations to the Adaptation Fund. He said that the decision to reduce the number of meeting to three a year was also a good step as not only did it reduce costs but also reduced the carbon footprint of the Fund. Nevertheless, the timelines for internal decision making had to be communicated to civil society so that it could participate more fully. Finally, he said that it was important for the Fund to also draw attention to the spinoffs from its projects, such as institutional strengthening, as well as the issues of addressing stakeholder involvement and vulnerability. However, it was often difficult to assess the progress of projects and he noted that to date the only information available was that for the project in Senegal. He therefore suggested that it might be a good idea for the Website to have a page for each project that had been approved so that its progress could be followed by civil society.

129. Mr. Kaloga stressed the importance of the investigative procedures and said that it was important to clarify the role of the GEF Evaluation Office and the investigative function, which were two sides of the same process. He also said that at the present time the main source of funding for the Fund should remain public funds from Annex I Parties and he asked the members and alternate members of the Board from Annex I Parties to help to facilitate such donations. He also welcomed the revised instructions from the PPRC for document proponents which would help stakeholders to engage in the approval process.

130. Mr. Honadia said that the Board appreciated the partnership between the Board and German Watch. NGOs were important interlocutors between governments and their citizens and had the ability to organize civil society. They had an important role to play in Africa where Germanwatch had been especially active.

131. The Chair thanked GermanWatch for its presentation and said that he shared their concerns with respect to contributions to the Fund, and that civil society had been witness to the development of the Board's strategy for fundraising. He also said that it was important for civil society to contribute to the consideration of the proposals being reviewed by the PPRC, and that the Board's dialogue with civil society would continue. With regard to the request to have sessions of the dialogue before Board meetings, he said that the next session could take place the day before the start of the Committees meetings in June.

AGENDA ITEM 16: OTHER MATTERS.

132. No other matters were raised by the Board.

AGENDA ITEM 17: ADOPTION OF THE REPORT.

133. The present report, AFB/B.17/L.1, has been prepared for intersessional adoption by the Board.

AGENDA ITEM 18: CLOSURE OF THE MEETING.

134. Following the customary exchange of courtesies, the Chair declared the meeting closed on Friday, March 16, 2012, at 5.30 pm.

**MEMBERS AND ALTERNATES PARTICIPATING AT THE SEVENTEENTH MEETING OF
THE ADAPTATION FUND BOARD**

MEMBERS		
Name	Country	Constituency
Mr. Cheikh Ndiaye Sylla	Senegal	Africa
Mr. Ezzat Lewis Hannalla Agaiby	Egypt	Africa
Ms. Medea Inashvili	Georgia	Eastern Europe
Ms. Laura Dzelzyte	Lithuania	Eastern Europe
Mr. Philip S. Weech	Bahamas	Latin America and the Caribbean
Mr. Luis Santos	Uruguay	Latin America and the Caribbean
Ms. Angela Churie-Kallhauge	Sweden	Western European and Others Group
Mr. Peceli Vocea	Fiji	Small Island Developing States
Mr. Mamadou Honadia	Burkina Faso	Least-Developed Countries
Ms. Ana Fornells de Frutos	Spain	Annex I Parties
Mr. Marc-Antoine Martin	France	Annex I Parties
Mr. Ricardo Lozano Picón	Colombia	Non-Annex I Parties
Mr. Bruno Sekoli	Lesotho	Non-Annex I Parties

ALTERNATES		
Name	Country	Constituency
Mr. Richard Mwendandu	Kenya	Africa
Mr. Zaheer Fakir	South Africa	Africa
Mr. Damdin Dagvadorj	Mongolia	Asia
Mr. Valeriu Cazac	Moldova	Eastern Europe
Mr. Aram Ter-Zakaryan	Armenia	Eastern Europe
Mr. Jeffery Spooner	Jamaica	Latin America and the Caribbean
Mr. Santiago Reyna	Argentina	Latin America and the Caribbean
Mr. Markku Kanninen	Finland	Western European and Others Group
Mr, Mohamed Shareef	Maldives	Small Island Developing States
Mr. Adao Soares Barbosa	Timor Leste	Least-Developed Countries
Mr. Yutaka Matsuzawa	Japan	Annex I Parties
Ms. Sally Biney	Ghana	Non-Annex I Parties

ADOPTED AGENDA OF THE SEVENTEENTH MEETING

1. Opening of the Meeting
2. Transition of the Chair and Vice-Chair
3. Organizational Matters:
 - (a) *Adoption of the Agenda;*
 - (b) *Organization of Work;*
 - (c) *Declarations of conflict of interest*
4. Report on intersessional activities of the outgoing Chair
5. Report on the activities of the secretariat
6. Report of the ninth meeting of the Accreditation Panel
7. Report of the eighth meeting of the Project and Programme Review Committee (PPRC):
 - (a) *Consideration of issues related to regional projects/programmes;*
 - (b) *Revised Instructions for Preparing a Request for Project or Programme Funding from the Adaptation Fund;*
 - (c) *Issues identified during project and programme review;*
 - (d) *Project and programme proposals;*
 - (e) *Other matters.*
8. Report of the eighth meeting of the Ethics and Finance Committee (EFC):
 - (a) *Reports on project/programme implementation: CSE;*
 - (b) *Implementing Entities acting as Executing Entities;*
 - (c) *Investigative procedures;*
 - (d) *Implementation of the 50% cap on MIE projects approvals;*
 - (e) *Consideration of financial issues related to regional projects/programmes;*
 - (f) *Proposed amendments to the evaluation framework;*
 - (g) *Implementation of the code of conduct;*
 - (h) *Financial issues;*
 - (i) *Other matters.*
9. Issues Remaining from the 16th Board meeting:
 - (a) *Performance review of the secretariat and trustee: report of the working group established by decision B.16/30;*
 - (b) *Issues arising from CMP7;*
 - (c) *Report of the dialogue with bilateral and multilateral entities to support accreditation of NIEs;*
10. Strategic discussion on objectives and further steps of the Fund
11. Legal support to the Board: current arrangements and conflict of interest
12. Communications and outreach:

- (a) *Report on the implementation of the communications strategy;*
 - (b) *Events: Rio + 20;*
 - (c) *Photo contest.*
- 13. Financial Issues:
 - (a) *CER Monetization;*
 - (b) *Financial status of the Adaptation Fund Trust Fund.*
- 14. Board meetings for 2012
- 15. Dialogue with civil society organizations
- 16. Other Matters
- 17. Adoption of the Report
- 18. Closure of the Meeting

AMENDMENTS TO THE EVALUATION FRAMEWORK

I. Editorial changes to include the evaluative function where appropriate in the Adaption Fund Board document AFB/EFC.6/4:

Paragraph 2

From: “Parties invited the Global Environment Facility (GEF) to provide secretariat service (the Secretariat) to the Board, and the World Bank to serve as the trustee (the Trustee) of the Fund, both on an interim basis.”

To: “Parties invited the Global Environment Facility (GEF) to provide secretariat service (the secretariat) to the Board, and the World Bank to serve as the trustee (the Trustee) of the Fund, both on an interim basis. Further, the Board decided to entrust the evaluation function to the GEF Evaluation Office, for an interim three-year period.”

Paragraph 7

From: “The framework includes a discussion on who should implement this framework. International best practices for multilateral funding institutions indicate that the evaluation function should be established and implemented independent from the management of the institution.”

To: “The framework will be implemented by the Evaluation Function of the Adaptation Fund. According to international best practices for multilateral funding institutions the Evaluation Function is established and implemented independent from the management of the institution.”

Paragraph 33

From: “The Evaluation Function in the Adaptation Fund should be implemented under the principles presented in the diagram below, following best practices on evaluation. Some of these principles may require further development of specific guidelines or procedures. They will be prepared by the Secretariat at the request of the Board.”

To: “The Evaluation Function in the Adaptation Fund should be implemented under the principles presented in the diagram below, following best practices on evaluation. Some of these principles may require further development of specific guidelines or procedures. They will be prepared by the Evaluation Function at the request of the Board.”

II. Structural changes to include the roles and responsibility of the Evaluation Function in the Evaluation Framework.

Old Paragraph 24

The Adaptation Fund Secretariat

The GEF provides secretariat services to the Adaptation Fund Board on an interim basis. A dedicated team of officials has been contracted to render services to the Fund in a functionally independent and effective manner (Adaptation Fund Secretariat). The Head of the AF Secretariat is responsible for delivery of services to the Board. The secretariat manages daily operations of the fund, assists with developing strategies, policies and guidelines, serve as a liaison between implementing and executing agencies, arrange for Adaptation Fund Board meetings, ensures implementation of operational policies, operationalises the project cycle, administers the budget and business plan, and oversees project implementation as well as communication to the trustee. Regarding evaluation, the Secretariat ensures the following tasks:

- Preparation of an evaluation framework, with the support of the GEF Evaluation Office.
- Provides support to the Ethics and Finance Committee and the AF Board to ensure that the evaluation framework is implemented and that Implementing entities and projects

and programmes funded by the Fund adhere to the principles, criteria and requirements as well as the guidelines of the evaluation framework.

- Provides support to the EFC in its preparation of the annual portfolio and progress towards results report to be presented to the Board. This report should include, when available and appropriate, lessons, findings, conclusions and recommendations from relevant evaluation reports.
- Ensures that findings and recommendations emanating from evaluations are followed up on and lessons are incorporated into the development of new projects and programmes, policies, strategies and procedures. In particular these lessons should be provided to project proponents (implementing entities) and the Project & Programme Review Committee.
- Ensures that results and lessons are disseminated through the Adaptation Fund website.
- Ensure that monitoring tools and guidelines, such as tracking tools and project reporting procedures, are developed, presented to the Board and put in place to optimise and facilitate the evaluation function within the Fund.

New Paragraph 24

The Adaptation Fund Board Secretariat

The GEF provides secretariat services to the Adaptation Fund on an Interim basis. A dedicated team of officials has been contracted to render services to the Fund in a functionally independent and effective manner (Adaptation Fund Board secretariat). The Head of the AF Board secretariat is responsible for delivery of services to the Board. The secretariat manages daily operations of the Fund; assists with developing strategies, policies, and guidelines; serves as a liaison between implementing and executing agencies; arranges for Adaptation fund Board meetings; ensures implementation of operational policies; operationalizes the project cycle; administers the budget and business plan; and oversees project implementation, as well as communication to the trustee. Regarding Evaluation, the secretariat ensures the following tasks:

- Provides support to the Ethics and Finance Committee (EFC) in its preparation of the Annual Report to be presented to the Board. This report should include, when available and appropriate, lessons, findings, conclusions, and recommendations from relevant evaluation reports.
- Ensures that Board decisions emanating from the findings and recommendations from evaluations are followed up on and lessons are incorporated into the development of new projects and programmes, policies, strategies, and procedures. In particular, these lessons should be provided to project proponents (Implementing Entities) and the Project and Programme Review Committee.
- Ensures that results and lessons are disseminated through the Adaptation Fund website.
- Ensures that monitoring tools and guidelines, such as project reporting procedures and templates, are developed, presented to the Board, and put in place taking into account the facilitation of the Evaluation Function within the Fund.

New paragraph 25**The Evaluation Function of the Adaptation Fund**

The GEF Evaluation Office implements the Evaluation Function of the Adaptation Fund on an interim basis of three years. The Evaluation Function is responsible for developing an annual evaluation work program and budget for approval by the Board as well as conducting evaluative work outlined in the approved work programme. In particular, this includes supporting all functions surrounding the implementation of the Evaluation Framework through the three following functions and tasks:

- **Evaluative Function:** Independently evaluate the effectiveness of the Adaptation Fund supported projects and programmes as well as implementing agencies and report to the Adaptation Fund Board on lessons, findings, conclusions, and recommendations from relevant evaluation reports.
- **Advisory Function:** Recommend minimum evaluation standards within the Adaptation Fund in order to ensure improved and consistent measurement of results for approval by the Board.
- **Oversight Function:** Provide quality control of the minimum evaluation requirements and their practice in the Adaptation Fund and track implementation of Board decisions related to evaluation recommendations. This includes providing support to the EFC and the AF Board in the implementation of the Evaluation Framework as well as supporting the secretariat in its efforts to incorporate findings and recommendations of evaluations into policies, strategies and procedures, as well as in disseminating results and lessons through the Adaptation Fund website.



RAMESH RAMANKUTTY
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March 7, 2012

Ms. Ana Fornells de Frutos
 Chair
Adaptation Fund Board

Re: Reconciliation of the Administrative Budgets of the Board, the Secretariat, and the Trustee

Dear Ms. Fornells de Frutos,

I am writing with reference to following documents presented to the Ethics and Finance Committee of the Adaptation Fund Board:


- AFB/EFC.6/Inf.1/Rev.1, entitled *Reconciliation of the Administrative Budgets of the Board and the Secretariat, and the Trustee*, presented at Committee sixth meeting in September 2011; and
- AFB/EFC.7/Inf.1, entitled *Reconciliation of Administrative Budgets of the Board and the Secretariat and the Trustee*, presented at the Committee's seventh meeting in December 2011.

The approved cross-support budget for the services for the GEF Secretariat in FY11 was \$248,477, while the actual costs incurred was \$301,964 as mentioned in document AFB/EFC.7/Inf.1. These costs had not been charged to the Adaptation Fund Secretariat budget in FY11 due to lapses caused by transfers of accounting staff in the GEF Secretariat. As mentioned in footnote 1 associated with Table 2 of document AFB/EFC.6/Inf.1/Rev.1, the Adaptation Fund Secretariat is taking steps to correct the accounting entries to account for the \$118,241 wrongly charged to the GEF Secretariat in FY11. I would like to clarify the steps being taken by the GEF Secretariat in consultation with the manager of the Adaptation Fund Secretariat.

Since we had already moved to the new fiscal year 2012, when the reconciliation exercise was concluded in December 2011, the only means of dealing with the additional expenditures is by reposting these changes from FY11 to FY12. Therefore, during fiscal year 2012, you may expect to see an overrun of \$118,241 in costs incurred by the GEF Secretariat in providing cross-support to the Adaptation Fund Secretariat.

I regret the inconvenience caused. If you require any clarification, please do not hesitate to contact me.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'R. Ramankutty', with a long horizontal flourish extending to the right.

Ramesh Ramankutty,
Head of Operations and Business Strategy, GEF



07 March 2012

Subject: Standard Legal Agreement (Agreement) between the Adaptation Fund Board (AFB) and Implementing Entities (IEs)

Dear Ms. Fornells de Frutos,

We refer to your letter of 9 February 2012 to the World Food Programme (WFP), the United Nations Environment Programme (UNEP), and the United Nations Development Programme (UNDP) in response to the letter of 30 November 2011 from these Agencies.

We take this opportunity to thank you for relaying the confirmation by the AFB at its sixteenth meeting in December 2011 that audits by the UN are considered independent audits. This is very welcome, as it enables us to continue to implement all AF grants in line with our respective audit regulations, rules, policies and procedures.

We also understand that if any inconsistencies are identified between the AF Operational Policies and Guidelines applicable as of the date of signature of the standard legal agreement and our own standard practices and procedures (which we understand to mean our 'regulations, rules, policies and procedures'), they will first be resolved in accordance with clause 3.03, or clause 6.01 for procurement, and then clause 14 of the Agreement, which provides for the ultimate arbitration procedure should it be necessary.

Ms Ana Fornells de Frutos
Adaptation Fund Board Chair
1818 H Street, NW
MSN P4-400
Washington DC 204433 USA

With the above clarifications, we are pleased to confirm that UNEP and UNDP are in a position to sign the standard legal agreement in its current form for projects approved for AF grants. We will proceed to do so, unless the AFB advises us at its next meeting that these clarifications are incorrect. We understand that WFP will be writing separately to you, and we look forward to working with the AFB to ensure the successful implementation of AF projects and programmes.

Yours sincerely,



Christophe Bouvier
Chief, Office for Operations and
Corporate Services
United Nations Environment
Programme



Yannick Glemarec
Director of Environmental Finance
and GEF Executive Coordinator
United Nations Development
Programme

cc. AFB Members and Alternates
cc. Ms. Marcia Levaggi, Manager of the AFB Secretariat