



ADAPTATION FUND

AFB/B.24/7
12 December 2014

ADAPTATION FUND BOARD

Twenty-fourth Meeting
Bonn, Germany
9-10 October 2014

REPORT OF THE TWENTY-FOURTH MEETING OF THE ADAPTATION FUND BOARD

Introduction

1. The twenty-fourth meeting of the Adaptation Fund Board (the Board) was held at the 'Langer Eugen' United Nations Campus, in Bonn, Germany, from 9 to 10 October 2014, back-to-back with the fifteenth meetings of the Project and Programme Review Committee (PPRC) and the Ethics and Finance Committee (EFC) of the Board. The meeting was preceded by a minute of silence in memory of Ambassador Peceli Vocea (Fiji, Small Island Developing States), a member of the Board who passed away in the intersessional period.
2. The meeting was broadcast live through the websites of the Adaptation Fund (the Fund) and the United Nations Convention to Combat Desertification (UNCCD). The UNCCD also provided logistical and administrative support for the meetings of the Board and its committees.
3. The full list of the members and alternate members who participated 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 Fund website in document AFB/B.24/Inf.3.

Agenda Item 1: Opening of the meeting

4. The meeting was opened at 9.00 a.m. on Wednesday, 9 October 2014, by the Chair, Mr. Mamadou Honadia (Burkina Faso, Least Developed Countries), who welcomed the following new Board members:
 - (a) Mr. Emilio Luis Sempris Ceballos (Panama, Latin American and Caribbean Countries);
 - (b) Mr. Michael Jan Hendrik Kracht (Germany, Annex I Parties); and
 - (c) Ms. Wenhong Huang (China, Non-Annex I Parties), who had been elected in December, 2013 but attended a meeting for the first time.

Agenda Item 2: Organizational matters

(a) *Adoption of the agenda*

5. The Board considered the provisional agenda contained in document AFB/B.24/1, as well as the provisional annotated agenda and provisional timetable contained in document AFB/B.24/2. Two issues were added for discussion under agenda item 15, "Other matters": presentations by the Co-Chairs of the Adaption Committee of the United Nations Framework Convention on Climate Change (UNFCCC) and by a representative of the secretariat of the United Nations Convention to Combat Desertification (UNCCD).

6. The Board adopted the agenda, which is contained in **Annex II** to the present report.

(b) *Organization of work*

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

(c) *Declarations of conflicts of interest*

8. The following members and alternate members declared conflicts of interest:

(a) Ms. Medea Inashvili (Georgia, Eastern Europe);

(b) Mr. Aram Ter-Zakaryan (Armenia, Eastern Europe)

(c) Mr. Zaheer Fakir (South Africa, Africa)

(d) Mr. Yerima Peter Tarfa (Nigeria, Africa)

(e) Ms. Margaret Caso (Mexico, Non-Annex I Parties); and

(f) Mr. Mamadou Honadia (Burkina Faso, Least Developed Countries).

Agenda Item 3: Report on activities of the Chair

9. The Chair said that during the intersessional period he had attended the 8th conference on community-based adaptation to climate change that had been organized by the International Institute for Environment and Development and had been held in Katmandu, Nepal from 25 to 30 April 2014. He said that he had made a speech on the Adaptation Fund to the conference in which he had outlined the philosophy and experiences of the Fund and had bilateral exchanges with number of delegations. He had also finalized the report of the twenty-third meeting of the Board and held discussions with the secretariat and the trustee over the proposal to sell CERs to the UNFCCC secretariat as part of the Climate Neutral Now initiative. He had also signed the agreement with the Government of Belize on its project, had extended the online donation agreement with the United Nations Foundation until 31 December 2015 and had spoken with the Designated Authority in Kenya about the National Environmental Management Authority (NEMA).

10. Ms. Yuka Greiler (Switzerland, Western Europe and Other States) reported on the meeting of the Task Force on National Adaptation Plans that had been organized by the

Adaptation Committee. She said that she had shared the idea of country ownership, which was the basis of the work of the Adaptation Fund, which was project-based and had the mandate to fund concrete adaptation. She also explained that the National Adaptation Plan process was an overarching national framework and that it was cross-cutting between different sectors and should influence the projects supported by the Fund. What related to the work of the Fund was the aspect of country ownership, especially through the national implementing entities (NIEs).

11. Ms. Patience Dampsey (Ghana, Non-Annex I Parties) reported on the first NIE Readiness Workshop in Africa which took place in Nairobi, Kenya, from 1 to 4 July 2014. The workshop had brought together accredited implementing entities of the Adaptation Fund from Africa with African institutions that wanted to gain accreditation. Among the issues that had been raised were: the need for peer-to-peer support and learning, both inter-regionally and intra-regionally; the need for south-south cooperation on project development; the need to close the gap between accreditation and implementation by also focusing on project development and implementation; and the language barrier faced by non-English speaking countries in the accreditation process.

12. The Adaptation Fund Board took note of the report on the activities of the Chair.

Agenda Item 4: Report on activities of the secretariat

13. The Manager of the secretariat reported on the activities of the secretariat during the intersessional period, more fully described in document AFB/B.24/3, highlighting some activities of particular importance. She summarized that those activities had been of three main types: the preparation of meetings, including the Accreditation Panel meeting and events related to the readiness programme; secondly, work in the context of the climate change agenda, particularly finance; and thirdly, work on promoting climate finance readiness.

14. In that context, the secretariat had organized three Climate Finance Readiness Seminars. The first, held on 1-2 May 2014 in Washington DC, had focused on convening experts and thought leaders in climate finance readiness, sharing experiences and charting paths forward. The second, held on 15-17 July 2014 also in Washington DC, had brought implementing entities together including 13 NIEs, focused on readiness throughout the project cycle. The third, held on 10-12 September 2014 in Bangkok, Thailand and co-hosted with UNEP, had focused on increasing capacity of applicant and accredited implementing entities.

15. Of the meetings listed in document AFB/B.24/3, she drew particular attention to the secretariat's participation as an observer in the Seventh Board meeting of the Green Climate Fund (GCF); in a GCF observer consultation on climate change and gender; and in events as part of the UN Climate Summit and Climate Week NYC (New York, USA, 22-25 September), (described as items 3 (c), (q) and (r) on page 4 of the report in document AFB/B.24/3).

16. She also drew attention to staff changes at the Fund, detailed in paragraphs 44-47 of the report.

Presentation by the Climate Technology Centre and Network

17. The Manager also announced that the Board will hear a remote presentation by Mr. Jukka Uosukainen, Director of the Climate Technology Centre and Network (CTCN), following a meeting between both of them where potential synergies had been identified, including the

provision of additional support for Project Formulation Grant (PFG) by the CTCN. Mr. Uosukainen spoke on the activities of the CTCN and the potential for synergies between the work of the Adaptation Fund and his organization, also laid out in a letter that is appended as Annex II to document AFB.B.24/3.

18. He explained a little of the work of CTCN, which sought to be a network of climate expert institutions, 20 of which had applied to join. It thus acted as the technical assistance service of the UNFCCC. Its target clients were developing country agencies, principally from Latin America and the Caribbean, Africa and Asia. A total of 100 National Designated Entities (NDEs) had been nominated, with more than 80 of them being from developing countries.

19. In terms of resources, CTCN had raised US\$ 26 million from bilateral sources. From UNIDO it had received in-kind services to a value of US\$ 6 million, while it had also obtained US\$ 2 million from the fifth GEF replenishment period. It was currently looking for additional financing from regional banks and their technology centres. It worked to assist with requests both for adaptation and for mitigation, as well as carrying out capacity-building and training activities.

20. In the discussion that followed it was clarified that the activities of the CTCN were balanced between adaptation and mitigation, the actual assistance provided was country-driven and based upon the needs identified in the national adaptation plans of the different countries. It was also agreed that it would be useful for the Fund to remain in communication with the CTCN.

21. The Board took note of the report of the Manager of the secretariat and encouraged her and her team to continue discussions with CTCN.

Agenda Item 5: Report of the Accreditation Panel

22. The Chair left the room because of a conflict of interest; this item was chaired by the Vice Chair.

23. The Chair of the Accreditation Panel, Ms. Angela Churie-Kallhauge (Sweden, Annex I Parties) introduced the report of the Panel's seventeenth meeting, more fully described in document AFB/B.24/4.

24. During its seventeenth meeting in August 2014, while continuing the work of reviewing new and existing applications, the Panel had also taken the opportunity to reflect upon trends in the accreditation process, and in particular to consider an accelerated accreditation process for small entities.

25. Two new completed applications had been received and the Panel had continued its review of the applications of seven potential NIEs, two potential RIEs and one potential MIE.

Non-Accreditation of Regional Implementing Entity (RIE007)

26. After considering the conclusions and recommendation of the Accreditation Panel, the Adaptation Fund Board decided to:

- (a) Adopt the recommendation of the Accreditation Panel; and

- (b) Request the secretariat to communicate the observations of the Accreditation Panel as contained in Annex I to the report of the seventeenth meeting of the Accreditation Panel (AFB/B.24/4).

(Decision B.24/1)

Agenda Item 6: Report of the fourteenth meeting of the Project and Programme Review Committee

27. The Chair of the Project and Programme Review Committee (PPRC), Mr. Ezzat Lewis Hannalla Agaiby (Egypt, African States), introduced the report of the PPRC's fifteenth meeting (AFB/PPRC.15/22). A summary of the PPRC funding recommendations is presented in **Annex III** to the present report.

Update on funding status and the situation of the pipeline

28. The Chair of the PPRC summarized the report of the secretariat on the funding status and the situation of the pipeline (AFB/PPRC.15/4 and AFB/EFC.15/Inf.1).

Report of the secretariat on the intersessional review cycle

29. The Chair of the PPRC summarized the report of the secretariat on the intersessional review cycle (AFB/PPRC.15/3). He said that it had been observed that it would be helpful if the members were informed in advance of the period during which they were expected to comment on the proposals during the intersessional period. The lack of comments by civil society on the proposals was a general issue for both the regular review cycle and the intersessional review cycle and so it might be useful to encourage that participation.

30. Having considered the comments and recommendation of the Project and Programme Review Committee, the Adaptation Fund Board decided to request the secretariat to make its best efforts to publicize the possibility to comment on the project/programme proposals submitted to the Adaptation Fund.

(Decision B.24/2)

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

31. The Chair of the PPRC summarized the report of the secretariat on the initial screening/technical review of the submitted project and programme proposals (AFB/PPRC.15/4 and AFB/PPRC.15/4/Add.1) and said that no particular issues had been identified by the secretariat during the review process for consideration by the PPRC.

Review of project and programme proposals

Concept Proposals from National Implementing Entities

Chile – Enhancing resilience to climate change of the small agriculture in the Chilean region of O'Higgins (Project Concept; Agencia de Cooperación Internacional de Chile (AGCI); CHL/NIE/Agri/2013/1; US\$ 9,960,000)

32. The Chair of the PPRC introduced the project concept which sought to increase the resilience of rural farm communities in the coastal and inner dry lands of the O'Higgins region in Chile with respect to actual climate variation and future climate changes.

33. Having considered the comments and recommendation of the Project and Programme Review Committee, the Adaptation Fund Board decided to:

- (a) Endorse the project concept, as supplemented by the clarification response provided by the *Agencia de Cooperación Internacional de Chile* (AGCI) to the request made by the technical review;
- (b) Request the secretariat to transmit to AGCI the observations in the review sheet annexed to the notification of the Board's decision, as well as the following issues:
 - (i) The fully-developed project document should clarify the plans to maintain the agricultural machinery during and after the project, including finance, support from the government, ownership, service life, and necessary training, and the plans to scale up acquisition of such machinery after the project, including dissemination of information on use of such machinery for adaptation;
 - (ii) The fully-developed project document should explain how the success of zero tillage activities would be monitored, and how lessons from them would be shared within the country and with other countries;
 - (iii) The fully-developed project document should explain how the planned overseas study tours would enable learning by farmers;
 - (iv) The fully-developed project document should explain with which kind of process and indicators the project would monitor how it would meet the stated target of avoiding rural exodus, taking into account gender considerations;
 - (v) The fully-developed project document should explain how it would ensure synergies with the other relevant government programmes;
- (c) Approve the Project Formulation Grant of US\$ 30,000; and
- (d) Encourage the Government of Chile to submit through AGCI a fully-developed project proposal that would address the observations under sub-paragraph (b).

(Decision B.24/3)

Mexico – Local and Comprehensive Adaptation Measures to Address Climate Change in Two Sub-Basins of Guanajuato, Mexico (Project Concept; Mexican Institute of Water Technology (IMTA); MEX/NIE/Rural/2014/1; US\$ 8,630,000)

34. The Chair of the PPRC introduced the project concept which sought to implement climate change adaptation measures targeted at: strengthening social and institutional

capacities, building and improving infrastructure, modifying production practices, as well as conserving and managing natural ecosystems in a sustainable way.

35. Having considered the comments and recommendation of the Project and Programme Review Committee, the Adaptation Fund Board decided to:

- (a) Not endorse the project concept, as supplemented by the clarification response provided by the Mexican Institute of Water Technology (IMTA) to the request made by the technical review;
- (b) Suggest that IMTA reformulate the proposal taking into account the observations in the review sheet annexed to the notification of the Board's decision, as well as the following issues:
 - (i) The proposal should provide more contextual information on the economy, livelihoods and non-climatic challenges of the target region, as well as more specific information (e.g. duration, financier and budget) on past climate change adaptation interventions;
 - (ii) The proposal should justify the requested financing based on the full cost of adaptation reasoning, reconsidering, if necessary, the number of municipalities to be included in the project, and elaborating on the needs, gaps and obstacles that would be addressed by the proposed activities to develop government agencies' capacity and coordination, rainwater harvesting, water treatment schemes and home gardens, and explaining how the longer-term sustainability of project activities would be ensured;
 - (iii) The proposal should explain how land-use planning at the catchment scale is taken into account in the design of the project activities, and consider including relevant activities that would also tackle challenges related to drivers of land-use change;
 - (iv) The proposal should clearly set its output targets, and distinguish between regular project monitoring and its specific activities to improve environmental monitoring;
 - (v) The proposal should explain how the proposed activities would be compliant with applicable technical standards and consistent with the goals of the identified climate change related strategies and policies, also identifying relevant sector policies and strategies e.g. in agriculture and water resources management;
 - (vi) The proposal should explain how the project would avoid duplication with any potentially overlapping projects/programmes, and how it would ensure complementarity with them;
 - (vii) The proposal should use the screening matrix to illustrate potential environmental and social impacts and risks, and categorize the project in terms of the level of the potential risk as explained in the Adaptation Fund Environmental and Social Policy; and

- (c) Request IMTA to transmit the observations referred to in item (b) above to the Government of Mexico.

(Decision B.24/4)

Concept Proposals from Regional Implementing Entities (RIEs)

Burkina Faso – Increasing the adaptation capacity of farmers in the Sahel zone through enhanced management of rain water and sustainable climate smart agricultural production (Project Concept; Sahara and Sahel Observatory (OSS); BFA/RIE/Agri/2014/1; US\$ 5,947,503)

36. The Chair of the PPRC introduced the project concept which sought to increase the adaptation capacity of farmers and herders in the Sahel zone.

37. Having considered the comments and recommendation of the Project and Programme Review Committee, the Adaptation Fund Board decided to:

- (a) Not endorse the project concept, as supplemented by the clarification response provided by the Sahara and Sahel Observatory (OSS) to the request made by the technical review;
- (b) Suggest that OSS reformulate the proposal taking into account the observations in the review sheet annexed to the notification of the Board's decision, as well as the following issues:
 - (i) The proponents should clarify which portion of the 1,800 hectares of grove perimeter to be developed is new or existing. It is not clear if the 1,800 hectares are additional to the existing grove perimeters in the farms of Guiè, Filly and Goèma which coincidentally cover the same surface (600, 480 and 360 hectares, respectively);
 - (ii) Although the focus of the project is in increasing agricultural production, the proposal should consider the use of plants with increased water use efficiency and heat tolerance as additional adaptation options;
 - (iii) The cost of the grove perimeters covering 1,800 hectares which in the proposal is estimated at US\$ 1,970,000 should be justified. The document estimates the costs for establishing a grove perimeter is 500 euros per hectare, and the total target area is 1,800 hectares, which would cost 900,000 euros and therefore the discrepancy needs to be explained;
 - (iv) The consultation process should be described in more detail, including information on the number and category of stakeholders consulted during project identification;
 - (v) The learning and knowledge management component(s) should be strengthened in order to better capture and feedback lessons, at local and national levels, and among the relevant stakeholders, including local and national sectoral government departments, NGOs, universities, local communities and the private sector;

- (vi) The proposal should explain how the proposed project differs from business as usual agricultural projects and how its efforts to increase resilience to climate risks complement relevant national and regional programmes implemented in Burkina Faso, including through existing government, multilateral, bilateral, municipal and NGO efforts in the agricultural sector. For example, the adaptation reasoning of the development of 45 km of roads aiming at improving access to markets and the link to national and local programmes, is not demonstrated;
 - (vii) The proposal should explain the role of the state government, if any, particularly to ensure proper scaling up of the project's outcomes;
 - (viii) The proposal should also explain how the environmental monitoring observatories will be created, how they are relevant to related sector plans and which institution will be involved in managing them. Lastly, it should explain the relevance of the observatories and meteorological stations to the project's objectives; and
- (c) Request OSS to transmit the observations referred to in item (b) above to the Government of Burkina Faso.

(Decision B.24/5)

Fully-developed proposals from National Implementing Entities

Small-size proposals

India – Conservation and Management of Coastal Resources as a Potential Adaptation Strategy for Sea Level Rise (Fully-developed Project Document; National Bank for Agriculture and Rural Development (NABARD); IND/NIE/Coastal/2014/1; US\$ 689,264)

38. The Chair of the PPRC introduced the project concept which sought to overcome the consequences of salinization and other impacts on the coastal area resulting from sea level rise and seawater inundation due to increased cyclonic storms and storm surges.

39. Having considered the comments and recommendation of the Project and Programme Review Committee, the Adaptation Fund Board decided to:

- (a) Approve the project document as supplemented by the clarification response provided by the National Bank for Agriculture and Rural Development (NABARD) to the request made by the technical review;
- (b) Approve the funding of US\$ 689,264 for the implementation of the project, as requested by NABARD; and
- (c) Request the secretariat to draft an agreement with NABARD as the National Implementing Entity for the project.

(Decision B.24/6)

India: Climate Smart Actions and Strategies in North Western Himalayan Region for Sustainable Livelihoods of Agriculture-Dependent Hill Communities (Fully-developed Project Document; National Bank for Agriculture and Rural Development (NABARD); IND/NIE/Agri/2014/2; US\$ 981,052)

40. The Chair of the PPRC introduced the fully-developed project document which sought to improve the adaptive capacity of vulnerable communities in the North Western Himalayan hill region.

41. Having considered the comments and recommendation of the Project and Programme Review Committee, the Adaptation Fund Board decided to:

- (a) Not approve the project document, as supplemented by the clarification response provided by the National Bank for Agriculture and Rural Development (NABARD) to the request made by the technical review;
- (b) Suggest that NABARD reformulate the proposal taking into account the observations in the review sheet annexed to the notification of the Board's decision, as well as the following issues:
 - (i) The project should include at least one core output indicator from the Fund's results framework;
 - (ii) The project should elaborate on the marketing arrangements for the supported produce and demonstrate their sustainability;
 - (iii) The project should improve the cost-effectiveness analysis;
 - (iv) The project should reflect in its design the views of vulnerable groups. To this effect, the proposal should consider undertaking further consultation with all relevant stakeholder groups;
 - (v) The project should reconsider its finding that environmental and social risks as defined in the Adaptation Fund Environmental and Social Policy (ESP) are absent and prepare, if required, an Environmental and Social Management Plan (ESMP) commensurate with the risks identified and in accordance with the project ESP categorisation;
 - (vi) The proposal should report the proposed components and activities consistently throughout the document and ensure that the budget provided aligns with the proposed activities;
 - (vii) The proposal should describe in greater detail how synergies are sought with national initiatives such as the Mahatma Gandhi National Rural Employment Guarantee scheme as well as initiatives funded by multilateral and bilateral donors;
 - (viii) The proposal should provide further detail on how the financial sustainability of project outcomes will be ensured beyond the project duration, including how government departments will be engaged in

replicating successful initiatives, the potential sources of funding for doing so, and whether a role for sub-national institutions is envisaged in project execution; and

- (c) Request NABARD to transmit the observations under item (b) to the Government of India.

(Decision B.24/7)

Regular-size proposals

Costa Rica – Reducing the vulnerability by focusing on critical sectors (agriculture, water resources, and coastlines) in order to reduce the negative impacts of climate change and improve the resilience of these sectors. (Fully-developed Programme Document; Fundecooperación para el Desarrollo Sostenible; CRI/NIE/Multi/2013/1; US\$ 9,970,000)

42. The Chair of the PPRC introduced the fully-developed programme document which sought to reduce the negative impacts of rising temperatures and increasing intensity of extreme rainfall events caused by climate change and focus on three critical sectors: agriculture, water resources, and coastal zones.

43. Having considered the comments and recommendation of the Project and Programme Review Committee, the Adaptation Fund Board decided to:

- (a) Approve the programme document as supplemented by the clarification response provided by *Fundecooperación para el Desarrollo Sostenible* (Fundecooperación) to the request made by the technical review;
- (b) Approve the funding of US\$ 9,970,000 for the implementation of the programme, as requested by Fundecooperación; and
- (c) Request the secretariat to draft an agreement with Fundecooperación as the National Implementing Entity for the programme

(Decision B.24/8)

India: Building Adaptive Capacities of Small Inland Fishers for Climate Resilience and Livelihood Security, Madhya Pradesh, India (Fully-developed Project Document; National Bank for Agriculture and Rural Development (NABARD); IND/NIE/Food/2013/1; US\$ 1,790,500)

44. The Chair of the PPRC introduced the fully-developed project document which sought to enhance the adaptive capacity of fish farmers to ensure their livelihood security in the agro-climatic zone of Jhabua hills comprising the districts of Jhabua, Alirajpur and Dhar.

45. Having considered the comments and recommendation of the Project and Programme Review Committee, the Adaptation Fund Board decided to:

- (a) Not approve the project document, as supplemented by the clarification response provided by the National Bank for Agriculture and Rural Development (NABARD) to the request made by the technical review;
- (b) Suggest that NABARD reformulate the proposal taking into account the observations in the review sheet annexed to the notification of the Board's decision, as well as the following issues:
 - (i) The conceptual changes and clarifications provided in the Response Sheet should be applied consistently to the entire project document;
 - (ii) The feasibility of the aquaculture activities with small marginalized farmers should be demonstrated, in particular with respect to farmers' ability to form effective associations and the availability of credit;
 - (iii) The proposal should consider elaborating on the required association of beneficiary farmers and clarify the arrangements within these groups as well as strengthen their capacity to effectively culture fish as a group;
 - (iv) The proposal should assess the project risks against the Environmental and Social Policy principles, in particular with respect to Access and Equity, Marginalized and Vulnerable Groups, Gender Equity and Women's Empowerment, Core Labour Rights, Conservation of Biological Diversity and Public Health. An assessment and an Environmental and Social Management Plan (ESMP) should be prepared, commensurate with the identified risks; and
- (c) Request NABARD to transmit the observations under item (b) to the Government of India.

(Decision B.24/9)

India – Enhancing Adaptive Capacity and Increasing Resilience of Small and Marginal Farmers in Purulia and Bankura Districts of West Bengal (Fully-developed Project Document; National Bank for Agriculture and Rural Development (NABARD); IND/NIE/Agri/2014/1; US\$ 2,510,854)

46. The Chair of the PPRC introduced the fully-developed project document which sought to develop climate adaptive and resilient livelihood systems through diversification, technology adoption and natural resource management for small and marginal farmers associated with agriculture and allied sector in the Red and Lateritic Zone of West Bengal.

47. Having considered the comments and recommendation of the Project and Programme Review Committee, the Adaptation Fund Board decided to:

- (a) Approve the project document as supplemented by the clarification response provided by the National Bank for Agriculture and Rural Development (NABARD) to the request made by the technical review;

- (b) Approve the funding of US\$ 2,510,854 for the implementation of the project, as requested by NABARD; and
- (c) Request the secretariat to draft an agreement with NABARD as the National Implementing Entity for the project.

(Decision B.24/10)

Jordan: Increasing the resilience of poor and vulnerable communities to climate change impacts in Jordan through Implementing Innovative projects in water and agriculture in support of adaptation to climate change (Fully-developed Programme Document; Ministry of Planning and International Cooperation (MOPIC); JOR/NIE/Multi/2012/1; US\$ 9,226,000)

48. The Chair of the PPRC introduced the fully-developed programme document which sought to adapt the agricultural sector in Jordan to climate change induced water shortages and stresses on food security through piloting innovative technology transfer, policy support linked to community livelihoods and resilience.

49. Having considered the comments and recommendation of the Project and Programme Review Committee, the Adaptation Fund Board decided to:

- (a) Not approve the fully-developed programme document, as supplemented by the clarification response provided by the Ministry of Planning and International Cooperation (MOPIC) to the request made by the technical review;
- (b) Suggest that MOPIC reformulates the proposal taking into account the observations in the review sheet annexed to the notification of the Board's decision, as well as the following issues:
 - (i) As a general observation, the proposal should be more concise and structured; as an example among others, the section on consistency with the national development strategies could be limited to strictly demonstrate consistency with national plans and strategies with the relevant information;
 - (ii) The demonstration of cost effectiveness should be improved through providing the costs of alternatives to the proposed programme activities, including but not limited to investment in large water retention/harvesting infrastructures, cost of fresh water for irrigation versus treated waste water, alternative water resources and alternatives to permaculture;
 - (iii) Although a table on compliance with the environmental and social principles established by the Fund is provided, no potential impacts and risks or further assessment or mitigation measures were identified, including risks on public health and pollution as well as soil conservation. Also, several risks rated medium to very high were identified in other parts of the document, for which mitigation measures or procedures are not provided;
 - (iv) The proposal should include an Environmental and Social Management Plan (ESMP), together with implementation arrangements and monitoring and evaluation (M&E) provisions, which will contain all the relevant elements. The

ESMP is required for category B projects for which the proposed activities requiring environmental and social assessment do not represent a minor part of the project;

- (v) The programme budget needs to be organized in a way to allow for an assessment of the costs based on the programme's expected outputs. In addition the proposal should include budget notes;
 - (vi) The proposal should justify the "development and preparation" budget under the implementing entity fees (US\$ 144,600), since a project Formulation Grant (PFG) was already provided to the NIE for programme preparation;
 - (vii) The proposal should include a programme results framework which should include programme outcome and output indicators, baseline and targets which would help in the achievement of the programme's objectives, including sex disaggregated data and at least one Adaptation Fund core outcome indicator; and
- (c) Request MOPIC to transmit the observations under item (b) to the Government of Jordan.

(Decision B.24/11)

Kenya: Integrated programme to build resilience to climate change and adaptive capacity of vulnerable communities in Kenya (Fully-developed Programme Document; National Environmental Management Authority (NEMA); KEN/NIE/Multi/2013/1; US\$ 9,998,302)

50. The Chair of the PPRC introduced the fully-developed programme document which sought to enhance resilience and adaptive capacity to climate change for selected communities in various counties in Kenya in order to increase food security and environmental management.

51. Having considered the comments and recommendation of the Project and Programme Review Committee, the Adaptation Fund Board decided to:

- (a) Approve the programme document as supplemented by the clarification response provided by the National Environmental Management Authority (NEMA) to the request made by the technical review;
- (b) Approve the funding of US\$ 9,998,302 for the implementation of the programme, as requested by NEMA;
- (c) Note the commitment of NEMA to develop an Environmental and Social Management Framework (ESMF) for the programme and to conduct Environmental Impact Assessments (EIAs) for all programme activities for which such EIAs are required pursuant the Environmental and Social Policy of the Adaptation Fund, before any substantial construction, subject to such EIAs, begins;
- (d) Request the secretariat to draft an agreement with NEMA as the National Implementing Entity for the programme that includes:

- (i) The requirement that any environmental and social risks identified by the EIAs will be addressed by NEMA in an adequate and timely manner through a management plan or changes in the programme design, and will include a timeline for the implementation by all EIAs and the ESMF consistent with the Environmental and Social Policy of the Adaptation Fund prior to any substantial construction, subject to such EIAs; and
- (ii) The requirement that NEMA prepare annual financial statements for the programme, which must be audited by the National Audit Office or another external auditor. The audited financial statements must be submitted within six months after the end of the financial year, as per Decision B.17/2.

(Decision B.24/12)

Morocco: Climate change adaptation project in oasis zones – PACC-ZO (Fully-developed Project Document; Agence pour le Développement Agricole (ADA); MAR/NIE/Agri/2013/1; US\$ 9,970,000)

52. The Chair of the PPRC introduced the fully-developed project document which sought to help reduce the vulnerability of people and oasis agro-ecosystems to climate change in Morocco.

53. Having considered the comments and recommendation of the Project and Programme Review Committee, the Adaptation Fund Board decided to:

- (a) Not approve the fully-developed project document, as supplemented by the clarification response provided by *Agence pour le Développement Agricole* (ADA) to the request made by the technical review;
- (b) Suggest that ADA reformulate the proposal taking into account the observations in the review sheet annexed to the notification of the Board's decision, as well as the following issues:
 - (i) The proposal should include an Environmental and Social Management Plan (ESMP), together with implementation arrangements and monitoring and evaluation (M&E) provisions, which will contain elements on compliance with the Environmental and Social Policy, including risks associated with interfering in the existing hydrology of the area for the principles of natural habitats, biodiversity, heritage, land and soil. The ESMP is required for any category B projects for which some of the proposed activities require environmental and social assessment; and
- (c) Request ADA to transmit the observations under item (b) to the Government of Morocco.

(Decision B. 24/13)

South Africa – Building Resilience in the Greater uMngeni Catchment (Fully-developed Project Document; South African National Biodiversity Institute (SANBI); ZAF/NIE/Water/2013/1; US\$ 7,495,055)

54. The Chair of the PPRC introduced the fully-developed project document which sought to reduce the vulnerability of communities and small scale farmers in the uMgungundlovu District Municipality (UMDM) to the impacts of climate change.

55. Having considered the comments and recommendation of the Project and Programme Review Committee, the Adaptation Fund Board decided to:

- (a) Approve the project document as supplemented by the clarification response provided by the South African National Biodiversity Institute (SANBI) to the request made by the technical review;
- (b) Approve the funding of US\$ 7,495,055 for the implementation of the project, as requested by SANBI; and
- (c) Request the secretariat to draft an agreement with SANBI as the National Implementing Entity for the project.

(Decision B. 24/14)

South Africa: Taking adaptation to the ground: A Small Grants Facility for enabling local level responses to climate change (Fully-developed Project Document; South African National Biodiversity Institute (SANBI); ZAF/NIE/Multi/2013/2; US\$ 2,442,682)

56. The Chair of the PPRC introduced the fully-developed project document which sought to increase resilience of vulnerable communities by facilitating integrated grassroots adaptation responses to climate variability and change.

57. Having considered the comments and recommendation of the Project and Programme Review Committee, the Adaptation Fund Board decided to:

- (a) Approve the project document as supplemented by the clarification response provided by the South African National Biodiversity Institute (SANBI) to the request made by the technical review;
- (b) Approve the funding of US\$ 2,442,682 for the implementation of the project, as requested by SANBI; and
- (c) Request the secretariat to draft an agreement with SANBI as the National Implementing Entity for the project.

(Decision B. 24/15)

Proposals for accreditation support

Burundi: (Ministry of Natural Resources of Rwanda (MINIRENA); US\$ 50,000)

58. The Chair of the PPRC introduced the application which outlined the activities to be undertaken by the NIE to support the accreditation process in Burundi.

59. Having considered the comments and recommendation of the Project and Programme Review Committee, the Adaptation Fund Board decided to:

- (a) Not approve the Application for a Grant to support NIE accreditation as requested by the government of Burundi through the Ministry of Natural Resources of Rwanda (MINIRENA);
- (b) Suggest that MINIRENA reformulate the proposal taking into account the following observations:
 - (i) The proposal needs to explain the steps that will be taken in the case where the identified potential candidate for NIE accreditation is assessed and subsequently found as not suitable;
 - (ii) As it is currently presented, the training activity for public servants is not relevant to the objective of supporting the accreditation process. This activity needs therefore to be either removed or justified;
 - (iii) The proposal needs to provide a separate budget table with a breaking down of the costs, including staff travel costs, consultant fees, communications, MINIRENA staff fees and a breakdown of workshop costs such as renting the venue, catering, facilitator fees;
- (c) Request MINIRENA to transmit the observations under item (b) to the Government of Burundi; and
- (d) Encourage the Government of Burundi to submit through MINIRENA a revised Application for a Grant to support NIE accreditation that would address the observations under item (b) above, for consideration by the Board intersessionally.

(Decision B. 24/16)

Cabo Verde: (Centre de Suivi Ecologique (CSE); US\$ 47,449)

60. The Chair of the PPRC introduced the application which outlined the activities to be undertaken by the NIE to support the accreditation process in Cabo Verde.

61. Having considered the comments and recommendation of the Project and Programme Review Committee, the Adaptation Fund Board decided to:

- (a) Approve the Application for a Grant to support NIE accreditation as requested by the government of Cabo Verde through the Centre de Suivi Ecologique (CSE);
- (b) Approve the funding of US\$ 47,449 for the implementation of the support, as requested by CSE; and
- (c) Request the secretariat to draft an agreement with CSE as the National Implementing Entity for the accreditation support.

(Decision B. 24/17)

Chad: (Centre de Suivi Ecologique (CSE) ; US\$ 49,592)

62. The Chair of the PPRC introduced the application which outlined the activities to be undertaken by the NIE to support the accreditation process in Chad.

63. Having considered the comments and recommendation of the Project and Programme Review Committee, the Adaptation Fund Board decided to:

- (a) Approve the Application for a Grant to support NIE accreditation as requested by the government of Chad through the *Centre de Suivi Ecologique (CSE)*;
- (b) Approve the funding of US\$ 49,592 for the implementation of the support, as requested by CSE; and
- (c) Request the secretariat to draft an agreement with CSE as the National Implementing Entity for the accreditation support.

(Decision B. 24/18)

Niger: (Centre de Suivi Ecologique (CSE) ; US\$ 47,449)

64. The Chair of the PPRC introduced the application which outlined the activities to be undertaken by the NIE to support the accreditation process in Niger.

65. Having considered the comments and recommendation of the Project and Programme Review Committee, the Adaptation Fund Board decided to:

- (a) Approve the Application for a Grant to support NIE accreditation as requested by the government of Niger through the *Centre de Suivi Ecologique (CSE)*;
- (b) Approve the funding of US\$ 47,449 for the implementation of the support, as requested by CSE; and
- (c) Request the secretariat to draft an agreement with CSE as the National Implementing Entity for the accreditation support.

(Decision B. 24/19)

Other matters

Improvement of the tracking of changes made between different versions of the proposals submitted to the PPRC

66. The Chair of the PPRC had discussed the need to track the responses by the proponents to the questions raised by both the secretariat and the PPRC. It would also be useful to have some method to track the changes that had been made to the project documents so that the PPRC could more easily follow the differences in the texts of various iterations of the documents.

67. Having considered the comments and recommendation of the Project and Programme Review Committee, the Adaptation Fund Board decided to request the secretariat, in order to assist the committee in its review of the proposals, to present to the Project and Programme Review Committee, at its sixteenth meeting, options for:

- (a) Improving the tracking of changes made between different versions of project/programme proposals; and
- (b) Providing the committee with an explanation on how the proponents had responded to the observations of the Board.

(Decision B. 24/20)

Portfolio monitoring mission report

68. The Chair of the PPRC said that the PPRC had taken note of the report of the portfolio monitoring mission to Jamaica, that portfolio monitoring mission reports were useful for its work and that it would be beneficial for the PPRC if the discussion of such reports would take place at the Board level or jointly between the two committees.

69. Having considered the comments of the Project and Programme Review Committee, the Adaptation Fund Board decided that the reports of portfolio monitoring missions would be considered by the Board as a whole.

(Decision B. 24/21)

Agenda Item 7: Report of the fifteenth meeting of the Ethics and Finance Committee

70. The Vice-Chair of the Ethics and Finance Committee (EFC), Ms. Irina Pineda Aguilar (Honduras, Latin America and the Caribbean) introduced the report of the EFC's fifteenth meeting. She explained that the presentations, exchanges and discussions by the EFC on the various topics below were detailed in document AFB/EFC.15/8). The Board decisions and conclusions on the various topics follow.

Modified accreditation process for small entities

71. The EFC Vice-Chair explained that the Committee had considered the importance of making progress in the design of a modified process for the accreditation of small entities, for which there is strong demand. The Accreditation Panel work on this matter needed to be accelerated.

72. Having considered the comments and recommendations of the Ethics and Finance Committee (EFC), the Adaptation Fund Board decided to:

- (a) Welcome the progress made by the Accreditation Panel in developing and applying a streamlined accreditation process for small national implementing entities (SNIEs) to the two cases currently under review; and
- (b) Encourage the Accreditation Panel to:

- (i) Finalize its work on the two cases mentioned above; and
- (ii) Present a standardized streamlined accreditation process for SNIEs for consideration by the Board at its 25th meeting.

(Decision B. 24/22)

Annual performance report for the fiscal year 2014

73. Having considered the comments and recommendations of the Ethics and Finance Committee (EFC), the Adaptation Fund Board decided to approve the Adaptation Fund's Annual Performance Report FY 2014 contained in document AFB/EFC.15/3, stipulating that in the future an executive summary could also be prepared.

(Decision B. 24/23)

Portfolio monitoring: report of the mission to Jamaica

74. Having considered the comments and recommendations of the Ethics and Finance Committee (EFC), the Adaptation Fund Board decided to take note of the report of the portfolio monitoring mission to Jamaica.

Designation of Multilateral and Regional Implementing Entities

75. The Vice-Chair of the EFC said that after the secretariat's examination of several funding entities, it had become evident that there was no clear definition among them for how to classify the four major multilateral development banks (MDBs), but that evidently the Board had originally been of the opinion that ADB, AfDB, IADB, and EBRD were closer to MIEs than RIEs. However, after accepting to serve as MIEs, none of the regional development banks had submitted proposals, with the sole exception of the IADB which had submitted one. Given the cap for MIEs has been reached, any projects submitted by the regional development banks would go straight into the pipeline. If on the other hand the multilateral development banks were to be classified as RIEs, then their projects would be eligible for funding.

76. Some members of the Committee had observed that the overriding factor was whether accrediting an entity gave individual countries better chances of access to funding, or not. It was agreed that that issue should be part of a wider-ranging discussion.

77. The Board took note of the information provided.

Zero tolerance policy for corruption and Risk management framework

78. Having considered the comments and recommendations of the Ethics and Finance Committee (EFC), the Adaptation Fund Board decided to:

- (a) Approve:
 - (i) The proposed zero tolerance policy, as contained in **Annex IV** to this report; and

- (ii) Amendments to paragraph 40 and 41 of the operational policies and guidelines for Parties to access resources from the Adaptation Fund, as contained in **Annex V** to of this report;
- (b) Amend the code of conduct of the Board referencing the zero tolerance policy for corruption and including in its text “as amended from time to time”;
- (c) Request the secretariat to:
 - (i) Provide Board Members and Alternates with an updated text of the code of conduct and request that they sign a receipt of such updated code. The updated text of the code of conduct will be circulated together with the oath of service to new Board Members and Alternates; and
 - (ii) Revise the risk management framework, circulate it to the Board for intersessional approval and publish it on the Fund website.

(Decision B. 24/24)

Complaint handling mechanism

(a) Review of the fiduciary standard on transparency, anti-corruption measures and self-investigative powers of an implementing entity for which a complaint was raised

79. The Vice-Chair of the EFC recalled that at the request of the Board, the Accreditation Panel had performed a review of the fiduciary standard on transparency, anti-corruption measures and self-investigative powers of an implementing entity for which a complaint was raised.

80. Having considered the comments and recommendations of the Ethics and Finance Committee (EFC) about an implementing entity for which a complaint had been raised, the Adaptation Fund Board decided to:

- (a) Note the recommendations by the Accreditation Panel to:
 - (i) Suspend the accreditation of the implementing entity;
 - (ii) Provide the implementing entity the opportunity to take the necessary corrective actions as well as to ensure that information requested from the Inspector General of the Ministry of Environment is provided to the Accreditation Panel within a reasonable deadline not to exceed 60 days;
- (b) Note the information provided by the implementing entity concerning the submission of the audited accounts of the project formulation grant by end of October 2014; and
- (c) Before further action is taken to suspend the implementing entity’s accreditation status as a national implementing entity, request the secretariat to inform the implementing entity of the outcome of the review and that it will be provided with a fair chance and opportunity to present its views to the Board, pursuant to paragraph 39 of the Operational Policies and Guidelines, version November 2013, attached to the PFG agreement with the implementing entity, and make the necessary arrangements for the implementing entity’s presentation.

(Decision B.24/25)*(b) NIE National Environment Management Agency of Kenya*

81. The Vice-Chair of the EFC said that a matter had been brought to the attention of the EFC, which in exercise of its mandate had engaged with the Designated Authority of Kenya and satisfied itself that there was no issue related to the project.

Implementation of the code of conduct

82. The Vice-Chair of the EFC had drawn the attention of the Committee to the code of conduct posted on the Fund website. No matters had been raised under this item.

*Financial issues**(a) Financial status of the Adaptation Fund Trust Fund and CER monetization*

83. The Vice-Chair of the EFC said that the representative of the trustee had reported on the financial status of the Adaptation Fund Trust Fund.

Presentation by the UNFCCC secretariat

84. The Committee had heard a presentation from the UNFCCC secretariat outlining its proposal to purchase Adaptation Fund CERs from the trustee for the UN's offsetting program.

85. Having considered the comments and recommendations of the Ethics and Finance Committee (EFC), and the request of the secretariat of the United Nations Framework Convention on Climate Change (UNFCCC) to purchase Adaptation Fund Certified Emissions Reductions (CERs) the Adaptation Fund Board decided to:

- (a) Approve such sales on the terms recommended by the EFC; and
- (b) Request the trustee to coordinate with the UNFCCC secretariat to analyze the potential benefits and costs of the Adaptation Fund CERs being offered on the on-line public CER website being developed by the UNFCCC, and report the findings to the EFC intersessionally.

(Decision B. 24/26)*Reconciliation of the Board and secretariat, and trustee budgets for the fiscal year 2014*

86. The representative of the secretariat had presented the reconciled budget for fiscal year 1 July 2013 - 30 June 2014. She had also presented the reconciled readiness programme budget for fiscal year 1 July 2013 - 30 June 2014 and explained that more details on the programme would be provided in the report on activities of the secretariat.

87. The Board took note of the information provided on the reconciled administrative budgets of the Board, the secretariat, and the trustee for the fiscal year 2014.

Other matters

Report on project/programme implementation: UNDP (Georgia)

88. Having considered the comments and recommendations of the Ethics and Finance Committee, the Adaptation Fund Board decided to:

- (a) Approve the third tranche of funds requested by the United Nations Development Programme (UNDP) for the implementation of the project Developing Climate Resilient Flood and Flash Flood Management Practices to Protect Vulnerable Communities of Georgia in the amount of US\$ 1,495,951; and
- (b) Request the trustee to transfer to UNDP US\$ 1,495,951 as agreed to in the disbursement schedule included in the project agreement.

(Decision B.23/27)

Agenda Item 8: Issues remaining from the twenty-third Board meeting

(a) Strategic discussion on objectives and further steps of the Fund: Report of the fundraising task-force

89. Mr. Zaheer Fakir (South Africa, Africa), coordinator of the fundraising task force, gave a report on the task force's activities. He recalled that the Board had met its two-year target of US\$ 100 million, in contributions and pledges, many of them coming at COP.19/CMP.9. However, he suggested that the Board's future fundraising strategy should be reevaluated and he suggested that the Task Force be renamed as the resource mobilization task force. The task force had broken down the resource mobilization task into three phases. The first phase had ended in 2013. The second phase had set targets of US\$ 80 million per calendar year for 2014 and 2015. The third phase would take place in 2016 and 2017.

90. It was suggested that the timeframe of the third phase was too short and that it would be better if it ran until the end of 2020. Information about the Fund also needed to be easier to access and the Fund might consider developing an App for use at CMP10.

91. The Chair said that the contributors had been invited to participate in site visits where they could see the results of the work of the Fund on the ground. It was important to stay in contact with the contributors to maintain their interest in the Fund, and there would be another opportunity to engage with them at CMP10.

92. The representative of the secretariat said that any material that was developed for use at CMP should be concise. However, apps were complicated to develop and all the elements in them had to be carefully considered to ensure that the substantial investment they required was not wasted. A feature for CMP10 could be added to the website which could also be easily accessed by most electronic devices.

93. The Adaptation Fund Board noted with appreciation the report of the Fundraising Task Force and decided to:

- (a) Rename the fundraising task force as the resource mobilization task force in order to convey the idea of a continuous activity;

(b) Request the secretariat to:

- (i) Prepare a summary document of the fundraising strategy that could be made public; and
- (ii) Develop material for the Conference of the Parties, including the ability to easily download key documents from the Adaptation Fund website.

(Decision B.24/28)

(b) Implementation of the readiness programme

94. The representative of the secretariat explained that alongside the aim of the readiness programme to build partnerships, its main purpose was to accredit a greater number of national implementing entities. The programme sought to strengthen understanding among entities about how to receive and manage funding, how to appraise the quality of potential adaptation projects, to assess and manage a project's environmental and social policy implications, to navigate the project cycle, and more. Above all, the programme sought to convey the advantages of direct access, one of the Fund's innovative features. Indeed, early lessons from the flagship project in Senegal suggested that direct access elevated adaptation from intervention-level to national planning at scale, and attracted more funding. The outcome was strong national institutions that could plan effective adaptation and channel more funds.

95. In the early stages, readiness programme activities included convening actors working on direct access (accreditation, project development, capacity-building); designing improved materials on Adaptation Fund processes; developing a knowledge exchange platform; and working with small grants, in the areas of south-south cooperation and environmental and social technical assistance.

96. Already in these early stages, requests were being made to the Adaptation Fund, and it should continue to collect and analyze lessons learned, sharing with practitioners in the field; develop a check-list or some criteria to assist in pre-assessment or pre-screening of applicants; appeal for more funds and predictable sources of funding; provide a list of helpful FAQs that an entity might not know to ask when applying for accreditation to the Fund; develop a mentoring programme for NIEs; and above all that the Adaptation Fund should stay nimble, creative, and flexible.

97. The Board took note of the presentation on the readiness programme.

Second review of the Fund

98. The Manager of the secretariat recalled that decision 1/CMP.9 of the Conference of the Parties had invited the Board to provide, in its report to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its tenth session (December 2014), its views on the matters included in the terms of reference for the second review of the Fund annexed to decision 2/CMP.9, and that the referenced Annex of decision 2/CMP.9 stated that the scope of the second review of the Fund would cover: (a) The provision of sustainable, predictable and adequate financial resources to fund concrete adaptation projects and programmes; (b) Lessons learned from the application of the access modalities of the Fund; (c) The institutional linkages and relations between the Fund and other institutions, in particular institutions under

the Convention; and (d) The institutional arrangements for the Fund, in particular the arrangements with the interim secretariat and the interim trustee.

99. As the deadline for submission of the Board's report to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its tenth session (December 2014) had passed and the report had already been submitted, the Board set up a small drafting group, chaired by its Vice Chair, to prepare an addendum to it.

100. In addition, the Chair brought up the issue of potential linkages with the Green Climate Fund (GCF) and proposed to request the secretariat to prepare a document on that topic that could inform the discussions under the second review.

101. The Adaptation Fund Board decided to:

- (a) Request the secretariat to prepare a document containing elements on potential linkages with the Green Climate Fund for consideration by the Board during the intersessional period; and
- (b) Pursuant to Decision 2/CMP.9 to submit the views of the Board members to the tenth session of the Conference of Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP10) which are contained in **Annex VI** to the present report.

(Decision B.24/29)

Agenda Item 9: Communications and outreach

102. The representative of the secretariat reported that the secretariat was continuing to develop materials to tell adaptation stories and raise awareness. Board members should each have received a portfolio of materials at the present or the preceding meeting that included an overview, the infographic, Adaptation Story Senegal, and direct access flyer. New materials prepared intersessionally included an Adaptation Story Honduras and a flyer about the new Readiness Programme for Climate Finance. The aim of the materials was to explain the Fund simply, giving people a grasp of what it was doing, and she encouraged Board members to request additional copies of any item as needed.

103. As the readiness programme had launched the previous spring, information about it had been prepared along with integrated communication strategies specific to that programme. Materials were also prepared to support secretariat or Board member attendance at any specific meeting or event.

104. The Fund's website was currently being redesigned, to make it more user-friendly and to make the documents on it searchable. There would also be new sections, including one listing Fund contributors and partners. In addition, an online readiness information exchange in the form of a microsite was being developed for the Fund, while a partnership for it was being drafted with the Climate and Development Knowledge Network (CDKN). That collaboration would enable the Fund to leverage CDKN's very large reach around the world, and the site would act as a central repository of information, best practices, papers and data about readiness.

105. She added that she had regular meetings with media, and that the Fund's social media audiences had grown significantly, as detailed in the report on secretariat activities.

106. In response to questions from the Board, she explained that the area for partners and donors would be a separate page reached through the navigation of the Fund's website. Similarly, the knowledge exchange microsite would appear as a main page on the website.

107. One Board member asked for details of the Fund's collaboration with CDKN. The representative of the secretariat explained that the relevant memorandum of understanding was in the course of being finalized..

108. The Board took note of the presentation on communications activities.

Agenda Item 10: Financial Issues

a) Financial status of the Adaptation Fund Trust Fund and Certified Emission Reduction (CER) monetization

109. The representative of the trustee reported on the financial status of the Adaptation Fund Trust Fund. At the end of June 2014, total revenue to the Adaptation Fund amounted to US\$ 404.1 million, of which US\$190.4 million was from CER sales, and US\$213.7 million from contributions. Funds available for new project and programme approvals amounted to US\$ 150.7 million, an increase of US\$ 8.1 million since the previous reporting period (31 March 2014). He reported that CER sales continued, using different approaches, with an implicit objective of reducing the inventory of CERs from the first commitment period that were expected to expire around March 2015. During the last quarter the trustee had sold 1.47 million tons and generated US\$ 410,000 in sales proceeds. The average price achieved in the quarter had been EUR 0.19. During the reporting period, the trustee had executed a donation agreement with Finland for EUR 5 million, and a contribution from Austria of EUR 500,000 had been received. Finally, the representative of the trustee reported that the World Bank Single Audit of Trust Funds, including the Adaptation Fund Trust Fund, had been prepared and, in accordance with World Bank information disclosure practices, was available on the Bank's external website.

110. The representative of the trustee also recalled that the Ethics and Finance Committee had received a presentation from the UNFCCC secretariat outlining its proposal to purchase AF CERs from the trustee for the UN's offsetting program. The committee had acknowledged that the proposed programme was not expected to provide significant additional resources to the Fund, but had agreed that it could be useful to promote the Adaptation Fund.

111. One Board member asked whether a global strategy was in place to bring about a recovery in the carbon market.

112. The representative of the trustee replied that the focus had been on voluntary buyers, those who purchased CERs in order to support adaptation or mitigation endeavours. But those buyers tended to be fairly small, and their purchases sporadic. The proposal from the UNFCCC secretariat might help the situation, but basically the condition of the carbon markets was not something within the trustee's control.

113. Ms. Wenhong Huang (China) spoke briefly on the success of carbon trading in China and the China CDM Fund, offering to amplify the information at a future meeting or as part of the readiness programme.

114. The Adaptation Fund Board took note of the report by the trustee.

Status of the project/programme pipeline

115. The representative of the secretariat introduced two papers: the *Joint report by the secretariat and trustee on the status of the pipeline* (AFB/EFC/15/Inf.1) and the *Options for funding the pipeline* (AFB/B.24.6). He reminded the Board that it had deferred considering the different options to address the pipeline that had been prepared by the secretariat pursuant to Decision B.22/25. The options were to permanently lift the 50 per cent cap on MIEs, to temporarily lift the cap to clear the pipeline as of the present meeting, or to manage the Fund's resources in an adaptive manner. In that case there were two sub-options; the Board could either modify the percentage of the cumulative resources of the Fund set aside for NIEs, and review that on an annual basis, or it could enhance the predictability of MIE funding through the development of a work programme for MIE submissions. In addition to those options the Board might also consider the temporary closure of the pipeline.

116. In response to questions about the payment of pledges to the Fund and whether the reception of the pledged amounts would clear the pipeline, the meeting was informed that while pledges from France and Belgium (including Flanders and Wallonia Regions) were outstanding, even if they were received it still might not be possible to fund the first project in the pipeline, the project from Ghana. The representative of the United Nations Development Programme also explained that it would not be possible for his organization to advance funding for projects on the assurance that it would be reimbursed at a future date by the Fund.

117. The Adaptation Fund Board took note of the presentation by the secretariat.

Agenda Item 11: Issues related to regional projects/programmes

118. Ms. Ana Fornells de Frutos (Spain, Annex I Parties) introduced the report on the consideration of issues related to regional projects/programmes (AFB/B.24/Inf.6). The Board was reminded that at its twenty-first meeting it had discussed matters relating to funding regional projects/programmes, including in relation to the country cap. It had been decided to continue considering those matters and the Board had requested the working group set up by decision B.17/20 to report back to the Board at its twenty-fourth meeting on the progress of its discussions (Decision B.21/13).

119. Ms. Fornells de Frutos said that the working group had developed a recommendation for the consideration of the Board, which she then circulated to the meeting.

120. Questions were posed about which entities would be eligible for the pilot programme, the nature of the consultations to be undertaken with other organizations, and the eligibility of countries without NIEs to participate in the pilot programme.

121. The members of the working group explained that only those entities already accredited as MIEs and RIEs were potential candidates, while NIEs could not propose regional projects under the current rules of the Fund. Nevertheless, it would be important to involve NIEs in

regional projects in other than implementing capacities whenever possible. It was also explained that the working group had considered that it would be useful to consult with other relevant bodies before making further proposals on the pilot programme.

122. Some members thought that it was important that also those countries without NIEs that wished to participate in the pilot programme should be eligible to do so, and therefore there should not be an absolute requirement to involve NIEs in regional projects, and participation of also such national entities that could eventually become NIE in the future should be encouraged.

123. Following a discussion the Adaptation Fund Board decided:

- (a) To initiate steps to launch a pilot programme on regional projects and programmes, not to exceed US\$ 30 million;
- (b) That the pilot programme on regional projects and programmes will be outside of the consideration of the 50 per cent cap on multilateral implementing entities (MIEs) and the country cap;
- (c) That regional implementing entities (RIEs) and MIEs that partner with national implementing entities (NIEs) or other national institutions would be eligible for this pilot programme, and
- (d) To request the secretariat to prepare for the consideration of the Board, before the twenty-fifth meeting of the Board or intersessionally, under the guidance of the working group set up under decision B.17/20, a proposal for such a pilot programme based on consultations with contributors, MIEs, RIEs, the Adaptation Committee, the Climate Technology Centre and Network (CTCN), the Least Developed Countries Expert Group (LEG), and other relevant bodies, as appropriate, and in that proposal make a recommendation on possible options on approaches, procedures and priority areas for the implementation of the pilot programme.

(Decision B.24/30)

Agenda Item 12: Dialogue with civil society organizations

124. The report of dialogue with civil society is contained in **Annex VII** to the present report

Agenda Item 13: Election of the Board, PPRC, EFC and Accreditation Panel Chairs and Vice-Chairs

125. Following a discussion the Adaptation Fund Board decided to:

- (a) Elect:
 - (i) Ms. Yuka Greiler (Switzerland, Western Europe and other States) as Chair of the Project and Programme Review Committee;
 - (ii) Ms. Laura Hanning Scarborough (Lithuania, Eastern Europe) as Vice-Chair of the Ethics and Finance Committee;

- (iii) Ms. Irina Pineda Aguilar (Honduras, Latin America and the Caribbean) as Chair of the Ethics and Finance Committee;
 - (iv) Mr. Philip S. Weech (Bahamas, Latin America and Caribbean States) as Chair of the Accreditation Panel;
 - (v) Ms. Ana Fornells de Frutos (Spain, Annex I Parties) as Vice-Chair of the Accreditation Panel;
- (b) Elect intersessionally a coordinator or coordinators of the resource mobilization task-force; and
- (c) Elect intersessionally, following the tenth session of the Conference of Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP10), the Chair of the Board, the Chair of the Accreditation Panel, and the Vice-Chair of the Project and Programme Review Committee.

(Decision B.24/31)

Agenda Item 14: Date and venue of meetings in 2015 and 2016

126. The Manager of the secretariat presented the suggested dates for the twenty-fifth, twenty-sixth, twenty-seventh and twenty-eighth meetings of the Adaptation Fund Board. It was observed that the dates suggested for the twenty-fifth meeting coincided with the Easter holiday which would involve some hardship for some of the members and it was suggested that it might be advisable to wait another week to hear from the Government of Germany as to whether it would be prepared to host the twenty-fifth meeting of the Board. The Manager of the secretariat explained that it was important to fix the dates of the twenty-fifth meeting as soon as possible because the dates of that meeting would determine the dates of the next project and programme review cycle. The meeting rooms in UNCCD in Bonn were only available that week and, as required by decision 1/CMP.3, the Board was required to meet in the country hosting the UNFCCC secretariat except when meeting in conjunction with the Conference of the Parties.

127. Following the presentation by the Manager of the Adaptation Fund Board secretariat of possible meeting dates, the Adaptation Fund Board decided to tentatively:

- (a) Hold its twenty-fifth meeting from 7 to 10 April 2015 in Bonn, Germany;
- (b) Hold its twenty-sixth meeting from 6 to 9 October 2015 in Bonn, Germany;
- (c) Hold its twenty-seventh meeting from 15 to 18 March 2016 in Bonn, Germany; and
- (d) Hold its twenty-eighth meeting from 4 to 7 October 2016 in Bonn, Germany.

(Decision B.24/32)

Agenda Item 15: Other matters

Presentation by Ms. Louise Baker of the UNCCD secretariat

128. Ms. Louis Baker of the United Nations Convention to Combat Desertification (UNCCD) secretariat was proposing the development and adoption of three biophysical indicators for reporting on land-based adaptation which might be based on: land productivity dynamics, land cover change as an outcome of land use change; and trends in carbon stocks above and below ground. The proposal focused on the potential to develop common indicators to be used by all the Rio Conventions to monitor and evaluate land-based approaches to the resilience of land-based resources and thus communities. By considering the three proposed indicators, baselines could be determined for measuring progress and outcomes. Parties to the Rio Conventions could coherently report on progress using the same indicators and those reports would communicate the effectiveness of adaptation policies and practices to decision makers and other stakeholders.

129. In the discussion that followed it was observed that while the indicators were interesting they might be difficult to put into practice. Climate change manifested itself in different ways and the responses to it were country-driven. Indicators were both a technical and a political issue and there could be a lack of coherence between global indicators and country-driven indicators. While it was useful to be better informed about the processes being created it was important to avoid a top-down approach to problems. Indicators, if developed, should be simple and easy to use, and more information was required about the indicators being proposed. Measuring results in adaptation was a relatively new concept. Work still had to be undertaken at the country level and the results had to be bottom-up and not top-down.

130. It was also pointed out that the Board had already developed its own project indicators. One member said that the presentation had been timely. Many of the Fund's projects related to land, land cover and food security. It was important to stop land degradation and to that end collaboration among the Rio conventions was important.

131. Ms. Baker explained that she was in agreement with much of what had been said. The indicators had been developed with goal 15.3 of the Sustainable Development Goals in mind. It was important to stop negative trends but to do that the baselines had to be set at the appropriate level. A standard way of operating had not been envisioned. Rather an attempt had been made to develop, as a lowest common denominator, a proxy for progress. All the Rio conventions had developed indicators and the proposal was just to tease out some features that they had in common.

132. The Adaptation Fund Board agreed that it would be useful to continue its dialogue with the UNCCD secretariat.

133. *Presentation by the co-chairs of the Adaptation Committee*

134. The Chair welcomed the remote presentation by the co-chairs of the Adaptation Committee, noting that the Board was aware of the advantages to the Fund of working with other bodies.

135. The co-chairs of the Adaptation Committee explained that it had been established in Cancún to act as the adaptation function under the UNFCCC. Its role was to promote good practices and synergies, to offer capacity-building and to give consideration to information from Parties. A major portion of its work involved communication and outreach, in order to increase adaptation awareness. It also worked on enhancing indicators for measuring the impact of adaptation undertakings, but had come to the insight that success was context-specific,

inevitably to be measured by differing indicators, and that common indicators were neither necessary nor possible. The Adaptation Committee also pursued monitoring and evaluation actions. Importantly, applying monitoring and evaluation was not just about successes, but also about learning from failures and setbacks.

136. The Committee now had a multi-themed and ambitious plan, extending from translating technical guidelines into new languages, through providing input for technical development, to long-term planning. The latter was in response to a perceived need to move from project-based approaches to national-level planning.

137. One Board member asked, given that the Adaptation Committee had an adaptation task force, whether there might be more regular engagement by the Fund, which had significant levels of experience and knowledge to contribute. For example, might the Fund participate in the Committee's annual forum, thereby strengthening partnerships in efforts to advance adaptation?

138. The co-chairs of the Adaptation Committee confirmed that there would indeed be a forum in 2015, probably in Panama and probably in March, and that the rich insights that the Fund had garnered would be most welcome and useful.

139. The Chair noted that the exchanges so far formed a good starting point. He suggested that the Board take note of the information provided and continue collaboration in coming years, but without making it a priority.

140. The Adaptation Fund Board took note of the presentation by the co-chairs of the Adaptation Committee and agreed to continue the dialogue.

Agenda Item 16: Adoption of the report

141. The present report was adopted intersessionally by the Board following its twenty-fourth meeting.

Agenda Item 17: Closure of the meeting

142. The Chair declared the meeting closed at 5 p.m. on Friday, 10 October 2014.

ANNEX I**ATTENDANCE AT ADAPTATION FUND BOARD – TWENTY-FOURTH MEETING****MEMBERS**

Name	Country	Constituency
Mr. Yerima Peter Tarfa	Nigeria	Africa
Mr. Ezzat L.H. Agaigy	Egypt	Africa
Ms. Laura Hanning Scarborough	Lithuania	Eastern Europe
Mr. Valeriu Cazac	Moldova	Eastern Europe
Mr. Philip S. Weech	Bahamas	Latin America and the Caribbean
Mr. Emilio Luis Sempris Ceballos	Panama	Latin America and the Caribbean
Ms. Yuka Greiler	Switzerland	Western European and Others Group
Mr. Michael Jan Hendrik Kracht	Germany	Annex I Parties
Ms. Angela Churie-Kallhauge	Sweden	Annex I Parties
Mr. Boubacar Sidiki Dembele	Mali	Non-Annex I Parties
Ms. Margarita Caso Chávez	Mexico	Non-Annex I Parties
Mr. Mamadou Honadia	Burkina Faso	Least Developed Countries

ALTERNATES

Name	Country	Constituency
Mr. Zaheer Fakir	South Africa	Africa
Mr. Monsurul Alam	Bangladesh	Asia-Pacific
Mr. Aram Ter-Zakaryan	Armenia	Eastern Europe
Ms. Medea Inashvili	Georgia	Eastern Europe
Ms. Irina Helena Pineda Aguilar	Honduras	Latin America and the Caribbean
Mr. Jeffery Spooner	Jamaica	Latin America and the Caribbean
Mr. Marc-Antoine Martin	France	Western European and Others Group
Mr. Markku Kanninen	Finland	Annex I Parties
Ms. Ana Fornells de Frutos	Spain	Annex I Parties
Ms. Patience Dampsey	Ghana	Non-Annex I Parties
Ms. Wenhong Huang	China	Non-Annex I Parties
Mr. Adao Soares Barbosa	Timor Leste	Least Developed Countries
Mr. Paul Elreen Philip	Grenada	Small Island Developing States

ANNEX II

ADOPTED AGENDA OF THE TWENTY-FOURTH BOARD MEETING

1. Opening of the meeting
2. Organizational matters:
 - a) Adoption of the agenda;
 - b) Organization of work.
3. Report on activities of the Chair.
4. Report on activities of the secretariat.
5. Report of the Accreditation Panel.
6. Report of the fifteenth meeting of the Project and Programme Review Committee (PPRC)
7. Report of the fifteenth meeting of the Ethics and Finance Committee (EFC)
8. Issues remaining from the 23rd meeting:
 - a) Strategic discussion on objectives and further steps of the Fund. Report of the fundraising task force;
 - b) Implementation of the readiness programme.
 - c) Second review of the Fund
9. Communications and outreach
10. Financial issues:
 - a) Financial status of the Trust Fund and CER monetization;
 - b) Status of the project/programme pipeline;
11. Issues related to regional projects and programmes
12. Dialogue with civil society organizations.
13. Election of the Board, PPRC, EFC and Accreditation Panel Chairs and Vice-Chairs
14. Date and venue of meetings in 2015.
15. Other matters

16. Adoption of the report.

17. Closure of the meeting

ANNEX III FUNDING RECOMMENDATIONS BY THE FIFTEENTH MEETING OF THE PPRC

PPRC 15 Funding Recommendations October 9, 2014)

	Country/Title	IE	Document Ref	Project	Fee	NIE	RIE	MIE	IE fee %	Set-aside Funds	Decision
1. Projects and Programmes:											
	India	NABARD	AFB/PPRC.15/8	635,266	53,998	689,264			8.5%	689,264	Approved
	India	NABARD	AFB/PPRC.15/9	904,552	76,500	981,052			8.5%		Not approved
	Costa Rica	Fundecooperacion	AFB/PPRC.15/10	9,220,000	750,000	9,970,000			8.1%	9,970,000	Approved
	India	NABARD	AFB/PPRC.15/11	1,650,700	139,800	1,790,500			8.5%		Not approved
	India	NABARD	AFB/PPRC.15/12	2,314,395	196,469	2,510,864			8.5%	2,510,864	Approved
	Jordan	MOPIC	AFB/PPRC.15/13	8,503,000	723,000	9,226,000			8.5%		Not approved
	Kenya	NEMA	AFB/PPRC.15/14	9,278,085	720,217	9,998,302			7.8%	9,998,302	Approved
	Morocco	ADA	AFB/PPRC.15/15	9,188,940	781,060	9,970,000			8.5%		Not approved
	South Africa	SANBI	AFB/PPRC.15/16	6,907,885	587,170	7,495,055			8.5%	7,495,055	Approved
	South Africa	SANBI	AFB/PPRC.15/17	2,251,320	191,362	2,442,682			8.5%	2,442,682	Approved
	Sub-total			50,854,143	4,219,576	55,073,719	0	0	8.3%	33,106,167	
2. Project Formulation											
	Chile	AGCI	AFB/PPRC.15/5/Add.1	30,000		30,000				30,000	Approved
	Mexico	IMTA	AFB/PPRC.15/6/Add.1	30,000		30,000				30,000	Not approved
	Sub-total			60,000		60,000				30,000	
3. Concepts:											
	Chile	AGCI	AFB/PPRC.15/5	9,460,000	500,000	9,960,000			5.3%		Endorsed
	Mexico	IMTA	AFB/PPRC.15/6	8,008,000	622,000	8,630,000			7.8%		Not endorsed
	Burkina Faso	OSS	AFB/PPRC.15/7	5,481,570	465,933		5,947,503		8.5%		Not endorsed
	Sub-total			22,949,570	1,587,933	18,590,000	5,947,503	0	6.9%	0	
4. Accreditation support:											
	Burundi	MINIRENA	AFB/PPRC.15/18	50,000	-	50,000					Not approved
	Cabo Verde	CSE	AFB/PPRC.15/19	47,449	-	47,449				47,449	Approved
	Chad	CSE	AFB/PPRC.15/20	49,592	-	49,592				49,592	Approved
	Niger	CSE	AFB/PPRC.15/21	47,449	-	47,449				47,449	Approved
	Sub-total			194,490	0	194,490				144,490	
5. Total (5 = 1 + 2 + 3 + 4)				74,058,203	5,807,509	73,918,209	5,947,503	0	7.8%	33,280,657	

ANNEX IV

Proposed Zero Tolerance Policy for the Board

1. The Adaptation Fund Board (the Board) puts in place requirements so that recipients use the Adaptation Fund's (the Fund) resources only for the purposes intended. The Fund's policy on fraud and corruption is one of zero tolerance. Fraud and corruption is against the Fund's policies, procedures, standards and resources and not be tolerated because it:
 - Diverts vital resources from the most vulnerable groups;
 - Breaches the Board's public service ethics and core values;
 - Damages the Fund's reputation for sound financial management; and
 - Challenges the Fund's "fitness for purpose" and credibility in the eyes of its stakeholders and International partners.
2. Board members and alternates refrain from condoning, supporting or otherwise failing to address fraudulent or corrupt behaviour that may affect the Fund's decision making process and operations, either by their peers or by anyone actually or potentially involved in the Fund's operations.
3. Board members and alternates report to the Ethics and Finance Committee (EFC) Chair or Vice-Chair any information of fraud and corruption that may affect the Fund's decision-making process and operations. If the information relates to the EFC Chair or Vice-Chair, Board members and alternates report such information to the Board Chair or Vice-Chair, as appropriate. Any information relating to fraud and corruption is placed on the next EFC agenda for discussion. A fair chance to present its case to the EFC will be given to any Board member or Alternate member about whom a complaint has been raised. The EFC makes a recommendation to the Board for approval. Any recommendation is based on the evidence before the EFC.
4. The Board utilizes the appropriate channels available to pursue fraud and corruption, including the procedure for termination of Board membership outlined in paragraphs 52 to 54 of the rules of procedure of the Adaptation Fund Board.

ANNEX V**Proposed amendments to the Operational Policies and Guidelines (OPG)**

40. The Board may consider suspending or cancelling the accreditation of an implementing entity for reasons that include, but are not limited to:

- (a) Misrepresentation or intentional provision of false information provided to the Board;
- (b) Substantive changes of the implementing entity's fiduciary standards and/or capacity and/or commitment to comply with the environmental and social policy as determined by a review in accordance with paragraph 38 above; or
- (c) Misuse of project/programme resources as determined by the Ethics and Finance Committee (EFC) or by the implementing entity's investigative function.

41. A decision to suspend or cancel the accreditation of an implementing entity may be made at the recommendation by the EFC following a review by the Accreditation Panel in accordance with paragraph 38. A decision to suspend includes the necessary corrective actions for achieving compliance by a certain date and identifying the relevant fiduciary standards and/or environmental and social policy requirements, which is reviewed by the Accreditation Panel and the EFC as appropriate. The Board makes the final decision on the removal of suspension for the implementing entity to resume its accreditation status. Before the Board makes its final decision on whether to suspend or cancel the accreditation of an implementing entity, the implementing entity concerned is given a fair chance to present its views to the Board.

ANNEX VI

SECOND REVIEW OF THE ADAPTATION FUND

ADAPTATION FUND BOARD SUBMISSION

With reference to Decision 2/CMP.9 inviting the Board to submit its view on the second review of the Adaptation Fund (AF), based on the terms of reference annexed to the decision, the Adaptation Fund Board (Board) wishes to put forward the following submission:

In just a few short years, the AF has built a focused, effective, and transparent climate adaptation financing instrument that directly aids the most vulnerable communities in developing countries. It is the only climate adaptation fund that includes these vulnerable communities as a strategic priority. In addition to pioneering direct access, the AF is seeing preliminary results from its project portfolio including allocating US\$265 M specifically toward measures that increase ecosystem and human resilience in response to climate change and variability-induced stress, and increase adaptive capacity within relevant development and natural resource sectors. Examples of work in these areas include restoration of ecosystem services, development of early warning systems for households to respond to disaster risks, diversified livelihoods for vulnerable farmers, investments in coastal protection infrastructure, and increased access to irrigation water and production schemes (see infographic: <https://adaptation-fund.org/content/adaptation-fund-infographic> and Annual Performance Report FY14 <http://bit.ly/1sqCVWx>)

The Board has worked to keep the AF innovative and improve its systems, processes, and effectiveness. As the AF has matured, the Board has reduced its meetings from four times per year to twice per year, undertaking a greater portion of its work and decisions intersessionally. The Board has also worked to build more partnerships, including at its 24th Board meeting (October 2014) agreeing to partner with CTCN to link technical assistance with project financing from the AF. In addition, the Board launched a pilot programme on regional projects, not to exceed US\$30 M, to enable greater partnerships among RIEs, MIEs, NIEs, and other national institutions, including engaging other bodies under the Convention.

Through feedback from countries and the AF's experience with the accreditation process, the Board launched a readiness programme that promotes lessons learned and exchange of best practices about the full climate financing cycle, from accreditation to project design, proposal, and implementation. Through this, the Fund has established an engaged network of direct access practitioners, including civil society, that has fostered dialogue and greater collaboration, and contributed to increased coherence and streamlined approaches to climate finance readiness (see details <https://adaptation-fund.org/node/3944>).

The recent developments in the carbon market have resulted in the AF's primary revenue streams being significantly diminished (see Trustee Report: <http://bit.ly/ZSOX0f>). In light of the growing demand for support, which exceeds the present resources available and which is reflected in the pipeline of projects awaiting support, the Board has discussed, in its resource mobilization taskforce, the need to generate additional revenue to continue the AF's critical climate adaptation work in the most vulnerable developing countries and explore

various options. The CMP may wish to consider and provide further guidance to the AF on resource mobilization.

During the past year the Board has, through its secretariat, engaged with other climate funds, including the GEF and the GCF, both in terms of sharing lessons from the AF and collaborating through the AF's readiness programme. It will continue this engagement, including with other funds such as the CIFs as well as with other financing institutions at the regional levels, including the private sector. With regards to the GCF, the CMP may wish to provide guidance on the AF's institutional linkages to the GCF.

Finally, the AF secretariat undertakes portfolio monitoring field visits of projects under implementation. Lessons learned from these visits are reflected in <http://bit.ly/1CZFi5S>; <http://bit.ly/1xw3b1X>; <http://bit.ly/1sizvF6>; The Board would like to extend an invitation to the interested Parties and stakeholders who may wish to join one of the AF's field visit to witness first-hand results on the ground being implemented with AF support.

ANNEX VII

Report of the Dialogue with Civil Society, 9 October 2014, Bonn, Germany

1. Chair of the Adaptation Fund Board, Mr. Mamadou Honada, invited the Board to enter into a dialogue with civil society. He thanked civil society for participating in the meeting and for its work in the field with the MIEs and NIEs. By doing that they had made a significant contribution to the work of the Adaptation Fund
2. Mr. Sönke Kreft (Germanwatch/AF NGO Network) reported on the Technical Expert Dinner that had been held at the University Club of Bonn University on 8 October 2014. During that dinner a number of strategic issues had been discussed and several presentations had been made, including one by the Adaptation Fund Board secretariat.
3. Ms. Bettina Koelle (Indigo Development & Change) reported on the small grants facility and enhanced direct access in South Africa. She said that in the Mopani and Namakwa District Municipality up to 12 small grant projects, each of approximately US\$ 100,000, had been provided for and micro grants were also possible. There was also ongoing project and programme level risk management and there had been a strict application and selection process, as well as ongoing documentation of the lessons learned. One of those lessons was that it was crucial to establish a baseline to measure change and learn from the process. Locally that had involved: making sketch maps; making a participatory video; qualitative interviewing; borehole level monitoring; and water quality monitoring. Scientists had been also included, to broaden horizons, and learning spaces had been created for the exploration of new strategies.
4. The process had to be linked to national processes and the experiences shared to enhanced direct access globally. Baselines and indicators had to be established for effective monitoring. The small grant facility was an opportunity to find appropriate solutions for addressing complex local problems especially when single technical solutions were insufficient. Integrated and holistic approaches were needed which were developed collaboratively by all stakeholders and which built upon existing practices, research and local institutions. Ways were also needed to link scientific and local knowledge for effective adaptation action, especially for vulnerable groups. Implementation was starting and so it was important to foster self-mobilisation and empowerment to increase anticipatory capacity and document lessons learned, including creating a safe space to learn from any failures.
5. Ms. Lisa Junghans (Germanwatch) reported on the challenges of projects in: Cambodia, Honduras, Senegal and Tanzania. In Cambodia there were concerns that reforestation activities had been deferred. There were also concerns that a lack of secure land tenure had hampered both investment in restoring natural capital and other measures to increase rural community resilience, and that the seedlings had not matured before being planted. Soil testing also needed to be conducted and set as baseline data.
6. In Honduras communication had been hampered by a change in government while in Senegal the proposed breakwater had not yet been completed despite a commitment by the President of that country. More community ownership was also needed to mobilize community funding to scale up the project. Finally, in Tanzania there had been an overall delay in the project. A feasibility study and an Environmental Impact Assessment on the proposed sea wall

was to be prepared but here were also concerns that there had been no concrete adaptation on the ground.

7. Ms. Lisa Elges (Transparency International) explained the Transparency International network and presented its work as it related to climate finance. All the climate funds had been reviewed and reported on, and she presented the key findings of a report which she also circulated. She complimented the Board for adopting a zero tolerance of corruption policy but said that it had been unclear from the public documents of the Fund how whistleblowers were protected when they exposed corruption.

8. The Manager of the Adaptation Fund Board secretariat said that those protections were explained in the Operational Policies and Guidelines of the Fund. They existed at two levels: at that of the entity and at that of the secretariat. When a complaint was received by the secretariat it was referred to the EFC as it had no investigative role itself.

9. Mr. Sven Harmeling (CARE International) said that the Green Climate Fund had received more attention and resources than the Adaptation Fund. However, it was premature to talk about merging the two Funds. The Adaptation Fund had much to contribute and the potential to do even more. While the Adaptation Fund had many technical papers it was lacking was a collective assessment of how to bring projects forward or a summary of the experience of bringing projects forward. The Fund also had to address issues of gender equality. The Green Climate Fund was preparing a comprehensive gender action plan and the Adaptation Fund needed to look at that.

10. Mr. Alpha Kaloga (Germanwatch/AF NGO Network) said that it was essential to find adequate funding for the Fund and that the Board had the duty to anticipate and explore various ways of securing that funding. The second review of the Fund would determine its funding stream and the Board had to come up with proposals for its report to CMP10. The Board should think strategically and consider working with civil society when approaching donors and reviewing projects.

11. In the discussion that followed it was suggested that the Adaptation Fund should consider a policy similar to that of the Green Climate Fund. To make a difference on gender issues it would be important to see how much progress had been made over time. Promoting gender issues could also be part of an action plan.

12. In response to a question as to whether Transparency International had attempted to contact the secretariat, for an answer to its questions, Ms. Elges said that while the report was based on public documents the secretariat had been consulted as well. The Manager of the Adaptation Fund Board secretariat said that the secretariat was small and did not have the time to separate the public information from the private information that it received. Some of the information in the Fund's possession was also confidential and could not be disclosed without permission.

13. It was observed that while the presentation by Transparency International had been useful it was also important to trust the policies of the Fund. There was a need to follow up on

those policies. While most MIES had anti-corruption policies not all NIEs did and so some did not know what to policies apply.

14. Ms. Elges said that one of the key elements was how Funds made the required information available or how difficult it was to access that information. An email address to receive complaints on the Adaptation Fund website was not sufficient. The policies had to be accessible, especially for those related to accountability

15. With respect to the delays reported at the present meeting, the secretariat said that it did receive feedback from the implementing entities through the annual reports. It had been aware of the problem with the breakwater in Senegal. The original budget had been ambitious and had not covered the true cost of the project. For Tanzania the latest information of the secretariat was from the previous year but it would receive Tanzania's report in November. It had been informed that the proponents expected to catch up with the milestones during the present year. If those delays continued it could affect the disbursement schedule. More generally, delays typically occurred in the start up phase of projects but by the third year proponents would tend to catch up with their milestones.

16. It was also thought that it would be useful to know if there had been any general pattern to the delays. Several had been observed including: new governments coming into power and MIEs that were not represented in the country where they had a project. For NIEs the procurement process was often an issue. It was a challenge for other Funds as well. The NGO Network was looking at quantitative ways to assess progress and would prepare a paper for COP10 on the issue.

17. Delays were a typical problem with development projects. The Fund had made specific allowance for ownership of the projects by local people and delays should be expected. However, it also was pointed out that the projects themselves were open for comment by civil society and that such comments were rarely received. It was important for civil society to comment on the projects before they were approved as that was the stage at which potential problems could be most easily addressed. The reports from the field had been useful and kept the Fund on track with its review of implementation by pointing out the delays in implementation. It was also suggested that the secretariat should work with civil society.

18. The Manager of the Adaptation Fund Board secretariat explained that the secretariat did work with civil society, although it had no formal process for that. The Board also had to be aware that although delays were a common problem the secretariat did ask why projects had not started on time.

19. The representatives of civil society said that while it had commented on projects in the past it also faced the difficulty of a lack of qualified people to comment on projects.

20. In closing the Chair thanked those members of civil society in attendance and assured them that the Adaptation Fund Board would strive to find ways to improve the way it operated.