



ADAPTATION FUND

AFB/EFC.16/5
3 April 2015

Ethics and Finance Committee
Sixteenth meeting
Bonn, Germany, 7-8 April 2015

Agenda item 8 c)

WORK PLAN FOR FISCAL YEAR 2016

Background

1. At its twenty-third meeting the Adaptation Fund Board (the Board) approved the work plan for the fiscal year 2015 (FY15: 1 July, 2014 – 30 June 2015). The present document summarizes the actions and decisions taken by the Board in the period 1 July 2014 – 6 April 2015 (the reporting period) in compliance with the approved work plan for FY15. During the period covered, the Board convened once, for its twenty-fourth meeting, which took place on 7-10 October 2014. This document presents a proposed work plan for FY16, prepared by the secretariat and based on the mandate that the Board received from the Conference of the Parties serving as meeting of the Parties to the Kyoto Protocol (CMP) and decisions adopted by the Board, for consideration by the Ethics and Finance Committee (EFC).

2. The work plan for the next fiscal year is generally presented at the last Board meeting of the fiscal year. The proposed work plan for FY16 is therefore being presented for Board approval at the Board's twenty-fifth meeting to be held on 9-10 April 2015.

Compliance with work plan for FY15

3. During FY15 and as of the date of issuance of this document the Board has fulfilled the following functions mandated by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) in decisions 1/CMP.3 and 1/CMP.4:

- The Board has accredited an additional National Implementing Entity (NIE) and a Regional Implementing Entities (RIE), thereby extending the opportunity to access resources through the direct access modality to a total of 17 countries and four regions to date.
- The Board has approved 10 projects/programmes for funding for a total amount of US\$ 73.7 million. The total amount of funds disbursed during the reporting period is US\$ 15.8 million. Additionally, the Board has endorsed one project concept. It is worth mentioning that five projects placed in the pipeline (Belize, Ghana, Mali, Nepal and Indonesia) have either been or are in process or being funded during the reporting period, with a total requested amount of US\$ 46.6 million.
- The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its tenth session (CMP10) concluded the second review of the Fund. CMP 10 approved two decisions on the Fund: decision 1/CMP.10, Report of the Adaptation Fund Board, and decision 2/CMP.10, Second review of the Adaptation Fund, which will be discussed by the Board at this meeting. CMP 10 decided to:
 - o Adopt the amendment to the terms and conditions of services to be provided by the International Bank for Reconstruction and Development (the World Bank) as trustee for the Fund, on an interim basis, contained in the annex to decision 1/CMP.10;
 - o Request the Board, in its future reports to the CMP, to provide further clarity on the effect of the fluctuation of the price of certified emission reductions and the impact of this fluctuation on the resources available to the Fund;

- Underline the urgent implementation of the Fund's resource mobilization strategy. *The Board set a resource mobilization target of \$ 80 million per calendar year in 2014 and 2015. The funds mobilized against the 2014 target amount to ca. \$ 62.3 million.*
- Encourage the Board to consider the following options for addressing the predictability of resources, in particular: a) the scale of resources; b) regular estimates of resources needed; c) continuous review of the status of projects. *The Board receives regular reports from the secretariat and trustee on the status of the project pipeline*
- Request the Board to consider options, including those contained in the technical paper on the second review, for addressing the diversification of revenue streams of the Fund;
- Request the Board to consider, under its readiness programme, the following options for enhancing the access modalities of the Fund: (a) Targeted institutional strengthening strategies to assist developing countries, in particular the least developed countries, to accredit more NIE or RIE; (b) Ensuring that accredited NIE have increased and facilitated access to the Fund, including for small-sized projects and programmes. *At this meeting the Board will consider a proposal for a Phase II of the readiness programme (document AFB/B.25/5), which addresses the issues raised by CMP 10.*
- Request the Board to consider options for developing operational linkages, as appropriate, between the Fund and constituted bodies under the Convention, taking into consideration the mandates of the respective bodies. *The Board has requested the secretariat to further explore options for potential linkages with the Green Climate Fund identified in document AFB/B.24-25/1, and to report on its findings to this meeting. The Board has also engaged with the Adaptation Committee, the Climate Technology and Network Centre, and the Standing Committee on Finance.*
- Extend to June 2017 the interim arrangements with the secretariat of the Board and the trustee of the Fund, with a view to further consideration by the CMP of options for permanent institutional arrangements for the secretariat and trustee, including via an open and competitive bidding process and on the basis of the cost and time frame of each option and its legal and financial implications;
- Request the Subsidiary Body for Implementation, at its forty-fourth session (May 2016), to initiate the third review of the Fund, in accordance with the terms of reference contained in the annex to decision 2/CMP.9, or as they may be subsequently amended, and to report back to CMP 12 (November–December 2016), with a view to the review being undertaken by CMP 13 (November–December 2017);

- Request the Adaptation Fund Board to include in its report to CMP 11 (November–December 2015) information on the progress made in relation to the matters referred to in paragraphs 3–6 to decision 2/CMP.10.
- The CER monetization programme continued being implemented by the trustee. The cumulative proceeds of the programme amount to US\$ 190.80 million as of 31 December 2014.¹
4. The following actions derived from Board decisions and included in the work plan for FY15 were also implemented during the reporting period:
- Phase I of the readiness programme was launched in May 2014. The secretariat will present a progress report at this meeting, which is contained in document AFB/B.25/5;
 - The Phase I of the overall evaluation of the Fund (process evaluation) was initiated and is currently underway. One of the evaluators will present an overview of the work done so far to the Ethics and Finance Committee at its fifteenth session (7-8 April 2015);
 - The Board approved a zero tolerance policy for corruption for the Board and amendments to its code of conduct (decision B.24/24);
 - The Board approved a document compiling policies and procedures to manage risks at the Fund level (risk management framework). The Board also approved amendments to the operational policies and guidelines documenting existing practices to deal with risk management (decision B.24/24);
 - A streamlined accreditation process for small entities, developed by the Accreditation Panel and contained in document AFB/EFC.15/5, will be considered by the Ethics and Finance Committee at its fifteenth meeting (7-8 April 2015).
5. At each session of the CMP the Board is requested to report on its activities (decision 1/CMP.3, paragraph 5 (I)).
6. In addition to the actions mandated by the CMP, the Board decided the following:
- Rename the fundraising task-force as resource mobilization task-force in order to convey the idea of a continuous activity;
 - Implement the Fund's resource mobilization strategy in order to achieve the fundraising target of \$ 80 million per year in 2014 and 2015. As a result of these actions the Fund raised ca. US\$ 62.3 million² counting towards the fundraising target;

¹ Adaptation Fund Trust Fund financial report prepared by the trustee as of December 31, 2014. https://www.adaptation-fund.org/sites/default/files/AFB.EFC_.16.4%20Trustee%20Report.pdf

- Initiate steps to launch a pilot programme on regional projects and programmes, not to exceed \$30 million (decision B.24/30). The proposal by the secretariat contained in document AFB/B.25/6, will be considered by the Board at this meeting.

7. The Board has also decided to perform some ongoing activities of supervision on its advisory bodies, the two Board Committees and the Accreditation Panel, and its portfolio:

- The Committees shall report annually to the Board on their performance, including meeting attendance and effectiveness (General guidelines for Committees, paragraph 17). The Committees' reports are merged into the annual report of the Board to the CMP;
- Present the status of portfolio monitoring through an annual performance report, prepared by the secretariat under the direction of the EFC.³
- Consideration of cost-cutting options in light of the Fund's fiscal constraints⁴:
- Review and amendment of the operational policies and guidelines:

Proposal of work plan for FY16

8. Based on the above, the secretariat presents to the EFC the work schedule, as contained in the annex to this document. The routine activities of the Board (i.e. CER monetization issues, consideration and approval of project proposals) are not included in the work schedule. Other actions can be added as a result of the decisions adopted by the Board at this meeting.

Recommendation

9. The EFC may wish to consider and recommend to the Board for approval

The draft work plan for FY16 and the tentative work schedule, as contained in document AFB/EFC.16/5; and

³ Report of the 10th meeting of the Adaptation Fund Board, Annex IV, paragraph 24.

⁴ Decision B.19/26

DRAFT WORK PLAN FY16: TENTATIVE WORK SCHEDULE

Intersessional period (July – October 2015)

- Organization of the twentieth meeting of the Accreditation Panel
- Consideration of the draft report to CMP 11, including information on the financial status of the Fund requested by decision 2/CMP.9 to inform the second review of the Fund;
- Intersessional review of and decisions on project and programme proposals;
- Launch of Phase II of the Overall evaluation of the Adaptation Fund
- First portfolio monitoring mission for FY16 (target project, possibly Uruguay and Argentina, to be confirmed intersessionally)
- Launch of the climate finance readiness programme (Phase II) and organization of one climate finance readiness workshop (AF Introductory seminar)
- First webinar for peer-to-peer learning
- Codification of Accreditation Process (integrating guidance documents on key standards the Panel has worked on over past year)

Twenty-sixth meeting: 6-9 October 2015

- Consideration of the Annual Performance Report: FY 2015;
- Consideration of the report from the twentieth meeting of the Accreditation Panel;
- Consideration of second round of South-South Grants
- Report of the first portfolio monitoring mission of FY16)
- Progress report on the readiness programme (including analysis of first South-South cooperation grants)
- Consideration of the programme completion report of the CSE programme in Senegal (if available)

Intersessional period (October 2015 – March 2016)

- Organization of the twenty-first meeting of the Accreditation Panel
- Intersessional review of and decisions on project and programme proposals;
- Second portfolio monitoring mission of FY16 (target projects to be confirmed intersessionally, tentatively an advanced MIE project in the Asia-Pacific region);
- Overall evaluation of the Adaptation Fund (Phase II).
- Organization of two climate finance readiness workshop
- Development of one or two Case Studies on Direct Access
- Facilitate Fund's accredited entities convening at relevant meetings
- Second webinar for peer-to-peer learning

Twenty-seventh meeting: 15-18 March 2016

- Consideration of the report from the twenty-first meeting of the Accreditation Panel
- Proposal of budget FY16;
- Proposal of work plan FY16;

- Progress report on the readiness programme
- Report of the first and second portfolio monitoring missions of FY16

Intersessional period (March - June 2016)

- Intersessional review of and decisions on project and programme proposals;
- Organization of one climate finance readiness workshop
- Third portfolio monitoring mission (target project(s) to be confirmed intersessionally)
- Facilitate Fund's accredited implementing entities convening at relevant meetings
- Third webinar for peer-to-peer learning