



ADAPTATION FUND

AFB/B.26/7
5 January 2016

ADAPTATION FUND BOARD

Twenty-sixth Meeting

Bonn, Germany, 8-9 October, 2015

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

Introduction

1. The twenty-sixth meeting of the Adaptation Fund Board (the Board) was held at the 'Langer Eugen' United Nations Campus, in Bonn, Germany, from 8 to 9 October 2015, back-to-back with the seventeenth meetings of the Project and Programme Review Committee (PPRC) and the Ethics and Finance Committee (EFC) of the Board.
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's website in document AFB/B.26/Inf.3.

Agenda Item 1: Opening of the meeting

4. The meeting was opened at 10.00 a.m. on Thursday, 8 October 2015, by the Chair, Mr. Hans Olav Ibrekk (Norway, Western European and Other States).

5.

Agenda Item 2: Organizational matters

- (a) *Adoption of the agenda*

6. The Board considered the provisional agenda contained in document AFB/B.26/1/Rev.1, as well as the annotated provisional agenda and provisional timetable contained in document AFB/B.26/2.

7. Three sub-items were proposed for consideration under agenda item 15: "Other Matters": update from the Resource Mobilisation Task Force; amendment of the terms of reference for the PPRC and the EFC; and regional projects.

8. The Board adopted the agenda as orally amended. The agenda is attached in **Annex II** to the present report.

(b) Organization of work

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

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

- a) Mr. Aram Ter-Zakaryan (Armenia, Eastern Europe)
- b) Mr. Petrus Muteyauli (Namibia, Africa)
- c) Ms. Fatuma Mohamed Hussein (Kenya, Non-Annex I Parties)
- d) Ms. Patience Dampney (Ghana, Non-Annex I Parties)
- e) Mr. Jeffery Spooner (Jamaica, Latin America and the Caribbean)

11. The Adaptation Fund Board decided to appoint Mr. Hugo Potti Manjavacas (Spain, Annex I Countries) as an alternate member of the Adaptation Fund Board.

(Decision B.26/1)

12. The Chair welcomed Mr. Hugo Potti Manjavacas (Spain, Annex I Parties) as a new alternate member of the Board.

Agenda Item 3: Report on activities of the Chair

13. The Chair then reported to the Board on his activities during the intersessional period. Given a clear mandate to discuss complementarities with the Green Climate Fund (GCF), he had met with Mr. Henrik Harboe, GCF Co-Chair, and Ms. H  la Cheikhrouhou, GCF Executive Director. These discussions indicated that complementarity with other funds was not currently a priority for the GCF board. The Chair and Vice-Chair had also attended a session of the Standing Committee on Finance (SCF), where the Chair had: made a presentation on the Fund, met with the SCF co-facilitators in the margins of the meeting, and spoken informally with other SCF members at a dinner organized by Mr. Benito M  ller of the European Capacity Building Initiative. At the Chair's request, Mr. Philip

S. Weech (Bahamas, Group of Latin American and Caribbean Countries) provided a synopsis of the discussions he and Mr. Mamadou Honadia (Burkina Faso, Least Developed Countries) had had with the SCF co-facilitators at a session of the *Ad Hoc* Working Group on the Durban Platform for Enhanced Action (ADP) in September 2015; he concurred with the view that synergies with the Fund were not a priority for the GCF at present. Also at the Chair's request, Mr. Yerima Peter Tarfa (Nigeria, Africa) reported on a regional readiness workshop held in Abuja, Nigeria, for West African member states, in partnership with the Economic Commission of West African States (ECOWAS) and the Heinrich Böll Foundation. Concluding his report, the Chair indicated that agreements had been signed for projects in India, Morocco, Jordan and Indonesia during the intersessional period, and that project fund transfer requests had been approved for various projects.

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

Agenda Item 4: Report on the activities of the secretariat

15. The Manager of the secretariat presented her report on the secretariat's activities during the intersessional period (Document AFB/B.26/3), highlighting the areas where she felt the Fund had demonstrated its relevance for adaptation financing. An unprecedented number of project proposals totalling US\$ 193.3 million had been received for the present meeting, including 21 single-country proposals and 16 pre-concepts for the pilot regional program. There was also an extremely high interest in readiness events, as well as in grant applications for South-South cooperation and technical assistance for building capacity for implementing the environmental and social safeguards. Three readiness seminars had been held during the period, including one in Washington D.C. that had gathered together almost all accredited NIEs, and two in Namibia and Nigeria for which the secretariat had received invaluable organisational support from Board members Mr. Petrus Muteyauli and Mr. Yerima Peter Tarfa.

16. Beyond these key areas, the secretariat had also participated in meetings of the subsidiary bodies and other instances under the United Nations Framework Convention on Climate Change (UNFCCC) such as the SCF, the ADP, and the GCF with which it had also exchanged information on the possibility of the Adaptation Fund becoming a partner in the readiness and preparatory support coordination mechanism; the Board might wish to consider agreeing to the general principles of the mechanism, which would be a prerequisite for any such partnership.

17. Noting that for resource mobilization there was no substitute for direct face-to-face meetings with contributors, the Manager of the secretariat highlighted two such meetings she had in recent months with the Swedish Minister of Development Cooperation, Ms. Isabella Lövin, and with representatives of the Swiss ministries of finance, environment and foreign affairs. She warmly thanked Ms. Tove Zetterström-Goldmann (Sweden, Annex I Parties) and Ms. Yuka Greiler (Switzerland, Western European and Other States) for arranging those meetings. She urged other Board members to support the secretariat by facilitating contact with their governments, also suggesting that the Board might want to include a provision for such activities in the next budget.

18. Summing up, the Fund was not only fully operational, she said, it was more active than ever. The projects and programmes currently under implementation represented 67 per cent of total grant

amounts approved. One project had been completed, two more were on track for completion by year end, and more than half had submitted their first project performance report (PPR). National Implementing Entities (NIEs) were maturing and gaining experience in developing projects and applying safeguards. In short, the fund was contributing to strengthening resilience and adaptive capacity to climate-related hazards and natural disasters in all developing countries, in line with Goal 13 of the recently approved sustainable development goals (SDGs). The challenge for the coming months was to ensure that the Fund could secure financing and a strengthened role. The secretariat would attend the 21st session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP21) in Paris, supporting the Chair in his report to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) and engaging in various other promotional activities.

19. The Manager of the secretariat closed her report by introducing three secretariat staff hired during the intersessional period: Ms. Young Hee Lee, an extended-term consultant providing accreditation and legal support, and Messrs. Matthew Trevor Pueschel and Simon Wilson, two short-term consultants engaged for communications. Mr. Farayi Madziwa would also be joining the secretariat in the coming weeks as Operation Officer in charge of the Readiness Programme Coordination.

20. Following the presentation on the secretariat's activities, a representative of UN-Habitat made a short statement expressing the entity's appreciation for its recent accreditation and its commitment to assisting member states, cities and national governments in the preparation of programmes and proposals for the Fund, in line with the targets of SDG 11.

21. The Adaptation Fund Board took note of the report on the activities of the secretariat.

Agenda Item 5: Report of the 20th meeting of the Accreditation Panel

22. The Chair of the Accreditation Panel (the Panel), Mr. Philip S. Weech, introduced the report of the 20th Panel meeting, held in Washington D.C. in August 2015 (Document AFB/B.26/4/Rev.1). He underscored the intersessional approval of accreditation of the Fund's 20th NIE (Environment Division of the Ministry of Health and the Environment—Government of Antigua and Barbuda) and the reaccreditation of one Multilateral Implementing Entity (MIE) (UN World Food Programme). At its 20th meeting, the Panel had concluded its assessment of the Central American Bank for Economic Integration (CABEI) for accreditation as a regional implementing entity (RIE) of the Fund; a summary report on the assessment could be found in the Annex to the Report of the Twentieth Meeting of the Accreditation Panel (AFB/B.26/4/Rev.1). Following the receipt of four new completed applications at its 20th meeting, the Panel was currently reviewing the accreditation applications of nine potential NIEs and three potential RIEs and reaccreditation of two NIEs and one MIE. During the intersessional period, the Panel had also collaborated with the secretariat in developing a proposal for enhancing the efficiency and effectiveness of the accreditation, in line with Decision B.25/5, and the final proposal (Document AFB/EFC.17/4) had been considered by the EFC at its 17th meeting. The Panel's 21st meeting was scheduled for 26-27 January 2016, with a deadline of 20 December 2015 for submission of new accreditation applications to be considered at that meeting.

Completed cases

Central American Bank for Economic Integration (CABEI)

23. The Adaptation Fund Board, having considered the conclusions and recommendation of the Accreditation Panel outlined in Annex I of the Report of the 20th Accreditation Panel meeting, decided to accredit the Central American Bank for Economic Integration (CABEI) as a Regional Implementing Entity (RIE) of the Adaptation Fund.

(Decision B.26/2)

Agenda Item 6: Report of 17th meeting of the Project and Programme Review Committee

24. The Chair of the PPRC, Ms. Yuka Greiler, introduced the [Report of the PPRC \(AFB/PPRC.17/28\)](#). A summary of the Board's funding decisions is presented in **Annex III** to the present report.

25. The PPRC had addressed a very heavy agenda and had considered 22 project and programme proposals. For the first time it had also addressed pre-concepts submitted under the pilot programme for regional projects and programmes. It had also added two sub-items under its agenda for "Other matters": the intersessional review of grants for projects under the readiness programme, and the review process for small-size project and programme proposals. The PPRC had welcomed a new member, Mr. Hugo Potti Manjavacas, pending his appointment as member of the Board. The PPRC had also heard reports from the secretariat on: the funding status and the situation of the pipeline, the intersessional review cycle, and the initial screening/technical review of the submitted projects and programme proposals.

26. The Chair of the PPRC was asked whether a summary of the funding implications of the recommendations could be distributed to the members and why the requested funding for one regional proposal totalled more than US\$ 11 million when the country cap was US\$ 10 million. As the pre-concepts being recommended for approval under the pilot programme totalled almost US\$ 30 million, it was asked why the Board was still calling for additional proposals when it did not have the means to fund them within the funding windows that it had established.

27. The representative of the secretariat explained that the endorsement of pre-concepts and concepts did not mean that any funding had been committed to the proposals beyond the Project Formulation Grants (PFGs) that might be approved. The funding windows for the pilot programme fell outside the country cap and any funding received was in addition to that country cap. There were four funding windows for the pilot projects: one of US\$ 14 million and three of US\$ 5 million, for a total of US\$ 29 million. The remaining US\$ 1 million would fund up to ten PFGs of up to US\$ 100,000 each; US\$ 20,000 being approved upon the endorsement of the pre-concept, and the remaining US\$ 80,000 being approved once the concept had been endorsed.

28. It was observed that awarding PFGs might create an expectation that funding would be available once a fully-developed project document was submitted. It was feared that the Fund was over-programming and by doing so risking its reputation. The knowledge that project formulation

funding had been approved for pre-concepts, might discourage others from making an application. Over-programming was an unpleasant experience for those who had to suffer its effects.

29. The Chair of the Board said that the discussion of the issue of regional projects should continue under agenda item 15: "Other matters".

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

30. Having considered the comments and recommendation of the Project and Programme Review Committee, the Adaptation Fund Board (the Board) decided to request the secretariat to inform the Multilateral Implementing Entities and Regional Implementing Entities that the call for proposals under the Pilot Programme for Regional Projects and Programmes is still open and to encourage them to submit proposals to the Board at its 27th meeting, bearing in mind the cap established by Decision B.25/26.

31. Having considered the comments and recommendation of the Project and Programme Review Committee, the Adaptation Fund Board decided to request the secretariat to post on the website of the Adaptation Fund a list of those countries that are eligible for inclusion in projects and programmes being submitted by each Regional Implementing Entity.

(Decision B.26/4)

Review of project and programme proposals

Concept proposals

Proposals from National Implementing Entities (NIEs)

India (1): Building Adaptive Capacities of Communities, Livelihoods and Ecological Security in the Kanha-Pench Corridor of Madhya Pradesh (Project Concept: National Bank for Agriculture and Rural Development (NABARD); IND/NIE/Forests/2015/1; US\$ 2,514,561)

32. 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 National Bank for Agriculture and Rural Development (NABARD) to the request made by the technical review;
- b) Request the secretariat to transmit to NABARD the observations in the review sheet annexed to the notification of the Board's decision, as well as the following issues:
 - (i) The level of degradation of Kanha-Pench Corridor (KPC) forests, and the link to climate-related threats to those forests should be better demonstrated in the fully-developed project document;

- (ii) The fully-developed project document should provide clearer details of which crop varieties and mix of crops are expected to be optimal for Madhya Pradesh given the projected climatic changes for the State;
 - (iii) The fully-developed project document should explain how concerns of women, children and vulnerable communities have been integrated and addressed in the project design and monitoring system, and how vulnerability criteria were used in the selection of beneficiary households;
 - (iv) Also, the fully-developed project document should demonstrate how participatory and sustainability mechanisms will be put in place in order to ensure equitable economic and sustained environmental benefits from the project;
 - (v) The fully-developed project document should provide a more detailed elaboration on the cost effectiveness of the project's proposed adaptation measures;
 - (vi) The fully-developed project document should demonstrate that tourism operators have been engaged with to seek their inputs in the project activities;
 - (vii) The fully-developed project document should further explain how the project would avoid duplication with any potentially overlapping projects or programmes, and how it would ensure synergy and complementarity with them;
- c) Approve the Project Formulation Grant of US\$ 28,400;
 - d) Request NABARD to transmit the observations under item (b) to the Government of India; and
 - e) Encourage the Government of India to submit through NABARD a fully-developed project proposal that would also address the observations under item (b) above.

(Decision B.26/5)

Senegal: Reducing vulnerability and increasing resilience of coastal communities in the Saloum Islands (Dionewar) (Project Concept; *Centre de Suivi Ecologique* (CSE); SEN/NIE/Coastal/2015/1; US\$ 1,256,983)

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 *Centre de Suivi Ecologique* (CSE) to the request made by the technical review;

- b) Request the secretariat to transmit to CSE 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 provide a better justification on the link between climate change and fisheries production;
 - (ii) The fully-developed project document should consider addressing harmful overexploitation of resources through a more comprehensive approach rather than focusing only updating and formalizing rules;
 - (iii) The fully-developed project document should elaborate on how the access to benefits from the project would be equitable;
 - (iv) The fully-developed project document should be based on a more comprehensive risk screening, and contain environmental and social impact assessment studies, and an Environmental and Social Management Plan (ESMP);
- c) Approve the Project Formulation Grant of US\$ 30,000;
- d) Request CSE to transmit the observations under item (b) to the Government of Senegal; and
- e) Encourage the Government of Senegal to submit through CSE a fully-developed project proposal that would also address the observations under item (b) above.

(Decision B.26/6)

Proposals from Regional Implementing Entities (RIEs)

Ecuador: Reduction of the Toachi Pilatón hydroelectric plant's vulnerability to the effects of climate change with a focus on Integrated, Adaptive Watershed Management - MATCH (Project Concept; Banco de Desarrollo de America Latina (CAF; Development Bank of Latin America); ECU/RIE/Energy/2015/1; US\$ 2,489,373)

34. 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 Banco de Desarrollo de America Latina (CAF) to the request made by the technical review;
- b) Suggest that CAF 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 clarify more clearly the ultimate and overall objective of the project (concrete outcomes expected for both communities and the hydropower sector), and most importantly, why/how the intended activities are envisioned to contribute to this objective in concrete terms;
 - (ii) The proposal should provide further information on the sustainability of the assets that would be developed or protected, such as the ones under component 1;
 - (iii) The proposal should explain whether watershed management plans, relevant to this project, were developed and implemented as part of the establishment of the hydro-power plant, and how the proposed project would build upon these plans;
 - (iv) The proposal should further elaborate on the outcomes of consultations held with communities and demonstrate the extent to which they were taken into account during the design of the project, as well as clarify further how target regions and communities will be selected for the project;
 - (v) The proposal should more clearly and robustly evaluate the cost-effectiveness of the project relative to viable adaptation alternatives, as well as comparing the proposed interventions to the baseline of no Adaptation Fund funding to justify the investment; and
- c) Request CAF to transmit the observations under item (b) to the Government of Ecuador.

(Decision B. 26/7)

Guinea-Bissau: Scaling up climate-smart agriculture in East Guinea-Bissau (Project Concept; *Banque Ouest Africaine de Développement* (BOAD; West African Development Bank); GNB/RIE/Agri/2015/1; US\$ 9,979,000)

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 *Banque Ouest Africaine de Développement* (BOAD) to the request made by the technical review;
- b) Suggest that BOAD 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 clarify whether there are existing land-use or water management policies and plans that would need to be taken into account while

constructing the small scale dams and while implementing the climate smart agricultural practices planned to be funded by the project, or whether such policies and plans would need to be developed during the proposed project;

- (ii) The proposal should more comprehensively identify other relevant past and on-going initiatives, and explain complementarity and lack of duplication. The proposed project should more clearly identify outcomes and lessons learned of the existing project “Strengthening adaptive capacity and resilience to Climate Change in the Agrarian and Water Resources Sectors in Guinea-Bissau” funded by the Least Developed Countries Fund (LDCF) and implemented by the UNDP, and explain complementarity with it;
 - (iii) The proposal should explain how the proposed approach has been selected in preference of other less cost-effective options;
 - (iv) The proposal should explain whether it has considered inclusion of hydrometeorological services, and if necessary, adjust the project activities accordingly;
 - (v) The proposal should identify relevant standards in the areas relevant to the proposed project, such as agriculture, water and natural resources management, and small infrastructure, as well as environmental and social standards, and indicate compliance with them; and
- c) Request BOAD to transmit the observations under item (b) to the Government of Guinea-Bissau.

(Decision B. 26/8)

Peru (1): AYNINACUY: Strategies for adaptation to climate change, for the preservation of livestock capital and livelihoods in highland rural communities in the provinces of Arequipa, Caylloma, Condesuyos, Castilla and La Union in the Arequipa Region (Project Concept; *Banco de Desarrollo de America Latina* (CAF; Development Bank of Latin America); PER/RIE/Rural/2015/1; US\$ 2,236,925)

36. 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 *Banco de Desarrollo de America Latina* (CAF) to the request made by the technical review;
- b) Suggest that CAF 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 a more comprehensive description of project activities' response to climate change impacts;
 - (ii) The proposal should provide significantly more justification and rationale for the cost-effectiveness of the project by comparing the proposed measures to viable alternatives in economic terms to the extent possible;
 - (iii) A clearer justification of the full-cost of adaptation is required;
 - (iv) The proposal should further explain how the project would avoid duplication with any potentially overlapping projects or programmes, and how it would ensure synergy and complementarity with them;
 - (v) The sustainability of the project should be strengthened significantly through specification of institutions and other mechanisms to ensure longevity and maintenance of project outcomes;
 - (vi) The description of follow-up consultations should reflect on the findings and outcomes of the consultative process, including particularly vulnerable groups; and
- c) Request CAF to transmit the observations under item (b) to the Government of Peru.

(Decision B. 26/9)

Fully-developed proposals

Proposals from National Implementing Entities (NIEs)

Small-size proposals:

India (2): 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\$ 969,570)

37. 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\$ 969,570 for the implementation of the project, as requested by NABARD;
- c) Note the commitment to set up a grievance mechanism at the project level;

- d) Request NABARD to provide a clarification, to be included in the project agreement as part of the project document, of how the project-level grievance mechanism would be linked to the grievance mechanism of NABARD, so that it would be possible for project stakeholders to raise grievances to NABARD, if necessary; and
- e) Request the secretariat to draft an agreement with NABARD as the National Implementing Entity for the project.

(Decision B. 26/10)

Namibia (1): Strengthening traditional approaches for coping with climate variability by small-scale farmers (Fully-developed Project Document; Desert Research Foundation of Namibia (DRFN); NAM/NIE/Agri/2015/1; US\$ 989,140)

38. 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 Desert Research Foundation of Namibia (DRFN) to the request made by the technical review;
- b) Suggest that DRFN 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 more clearly outline the project outputs and outcomes. Outputs should be concrete and quantifiable;
 - (ii) Additional information should be provided to demonstrate how the non-climatic stressors and anthropogenic drivers of degradation are relevant to this particular project;
 - (iii) The proposal should more clearly outline how it will engage and involve women and other marginalized or vulnerable groups;
 - (iv) The proposal should clarify what mechanisms will be used to ensure that information is disseminated and all relevant parties that need to have access to the information have it;
 - (v) Relative to cost-effectiveness, the proposal should demonstrate how the suggested activities are more cost-effective than other activities that would aim at achieving the same objective;
 - (vi) The proposal should outline what specific outcomes of other projects and programs informed the design of this project,

- (vii) Evidence and demonstration of the outcomes of the environmental and social assessment should be provided; and
- c) Request DRFN to transmit the observations under item (b) to the Government of Namibia.

(Decision B. 26/11)

Namibia (2): Pilot desalination plant with renewable power and membrane technology (Fully-developed Project Document; Desert Research Foundation of Namibia (DRFN); NAM/NIE/Water/2015/1; US\$ 750,000)

39. 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 Desert Research Foundation of Namibia (DRFN) to the request made by the technical review;
- b) Suggest that DRFN 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) A consultative process in the site of Bethanie should be undertaken, further defining the role of local communities and other concerned civil society stakeholders in the project, and the proposal should subsequently provide gender-disaggregated data and socio-economic data on potential beneficiaries in both targeted sites;
 - (ii) The proposal should elaborate on the cost effectiveness of the proposed interventions (including operation and maintenance, technology life span) compared with other available alternatives and provide supporting figures;
 - (iii) The proposal should provide a copy of the reports on the Environmental Impact Assessments for the two plants, to allow for a better review of the project's potential environmental and social impacts and the planned mitigation measures to minimise these impacts, if any;
 - (iv) The proposal should include an Environmental and Social Management Plan for the whole project identifying key stakeholders and their respective roles in the implementation and monitoring of such plan, and should describe a grievance mechanism that would include NamWater in its quality as the national water company that will run the operations of the two plants;

- (v) The proposal should include budget notes including estimate of costs of the main equipment and workforce that will be needed to undertake the different tasks (consulting firm, international or national consultant fees estimates);
 - (vi) The proposal could include examples of similar experiences and further demonstrate how lessons learned will be utilized for effective implementation of the interventions planned in this project;
 - (vii) The proposal should explain how the lessons learned will be taken up for knowledge management and shared with other countries and communities; and
- c) Request DRFN to transmit the observations under item (b) to the Government of Namibia.

(Decision B. 26/12)

Namibia (3): Community-based Integrated Farming System for Climate Change Adaptation (Fully-developed Project Document; Desert Research Foundation of Namibia (DRFN); NAM/NIE/Agri/2015/2; US\$ 750,000)

40. 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 Desert Research Foundation of Namibia (DRFN) to the request made by the technical review;
- b) Suggest that DRFN 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) To better demonstrate the adaptation reasoning, the proposal should further elaborate on how the proposed activities will address the issues identified, including the depletion of water resources and the increased bush encroachment affecting the availability of livestock grazing areas;
 - (ii) The proposal should clarify how the institutions at national level will provide supportive policy and regulatory environment and how the project will ensure community ownership in the absence of clarity on the intended ways of engagement;
 - (iii) The proposal should better demonstrate how the market research will support addressing adaptive capacity of concerned communities. In the same regard, more emphasis should be placed on integrated farming

systems (IFS) so that proposed actions sufficiently promote IFS in the target communities;

- (iv) The proposal should clarify against which paradigm and alternative adaptation measures the cost effectiveness would be analysed, which is difficult to assess at this point given the lack of information on the adaptation issues to be addressed;
- (v) The proposal should further demonstrate how it does not duplicate with other interventions and should outline the linkages and synergies with relevant potentially overlapping projects/programmes, including areas of overlap and complementarity, drawing lessons from the earlier initiatives during the project design, learning from their problems/mistakes, and establishing a framework for coordination during implementation;
- (vi) The proposal should better explain how it complies with the 15 principles of the Environmental and Social Policy (ESP) of the Fund and should subsequently state the category in which the screening process has classified the project/programme;
- (vii) In line with the changes requested above, the results framework should be improved, to better reflect the project's adaptation-related objective and should include at least one core outcome indicators from the Fund's results framework; and

c) Request DRFN to transmit the observations under item (b) to the Government of Namibia.

(Decision B. 26/13)

Regular proposals:

Chile: Enhancing resilience to climate change of the small agriculture in the Chilean region of O'Higgins (Fully-developed Project Document; *Agencia de Cooperación Internacional de Chile* (AGCI; Chilean International Cooperation Agency); CHL/NIE/Agri/2013/1; US\$ 9,960,000)

41. 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 *Agencia de Cooperación Internacional de Chile* (AGCI) to the request made by the technical review;
- b) Approve the funding of US\$ 9,960,000 for the implementation of the project, as requested by AGCI; and

- c) Request the secretariat to draft an agreement with AGCI as the National Implementing Entity for the project.

(Decision B. 26/14)

India (3): Climate proofing of watershed development projects in the states of Rajasthan and Tamil Nadu (Fully-developed Project Document; National Bank for Agriculture and Rural Development (NABARD); IND/NIE/Water/2013/1; US\$ 1,344,155)

42. 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\$ 1,344,155 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. 26/15)

Namibia (4): Integrating climate smart land management options in Namibia: to enhance long term productivity, profitability and resilience (Fully-developed Project Document; Desert Research Foundation of Namibia (DRFN); NAM/NIE/Rural/2015/1; US\$ 6,000,000)

43. 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 Desert Research Foundation of Namibia (DRFN) to the request made by the technical review;
- b) Suggest that DRFN 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) While additional detail has been provided on a number of issues relative to the selected sites, the proposal should further clarify how the proposed activities will influence the behaviour of communities, and how vulnerability is used as a criterion for site selection;
 - (ii) The proposal should provide additional detail for project activities, including how activities will be vetted and selected in Component 3;

- (iii) The proposal should provide additional information on the description of social and environmental benefits, as well as evidence for the value (costs vs. benefits) of the investment of the project;
 - (iv) The description of the consultative process that informed the design of the project should be elaborated, particularly with respect to how women and particularly vulnerable people will be engaged in the project;
 - (v) The proposal should clarify how it will ensure consistency and conformity among different partners playing similar roles according to fields of expertise or area of focus of specific organizations;
 - (vi) The budget should be revised in line with the requirements to provide information at the budget-line level, as well as the results framework to include the required information; and
- c) Request DRFN to transmit the observations under item (b) to the Government of Namibia.

(Decision B. 26/16)

Peru (2) – Adaptation to the Impacts of Climate Change on Peru's Coastal Marine Ecosystem and Fisheries (Fully-developed Project Document; *Fondo de Promoción de las Áreas Naturales Protegidas del Perú* (PROFONANPE; Peruvian Trust Fund for National Parks and Protected Areas); PER/NIE/Coastal/2015/1; US\$ 6,950,239)

44. 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 *Fondo de Promoción de las Áreas Naturales Protegidas del Perú* (PROFONANPE) to the request made by the technical review;
- b) Suggest that PROFONANPE 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) As noted in the previous review, the revised proposal should comprehensively explain the maintenance of the project outputs, including institutional arrangements and responsibilities, financial resources, and for outputs at the community level, commitment by those stakeholders/communities;
 - (ii) The revised proposal should include a comprehensive Environmental and Social Management Plan (ESMP) in compliance with the Adaptation Fund Environmental and Social Policy. The ESMP should include provisions for

identifying and managing, during project implementation, risks that have not been identified before project approval;

- (iii) An Environmental and Social Impact Assessment (ESIA) should be conducted for the tourist dock related activities before the project is submitted for approval, and the ESIA report should be attached to the revised proposal; and

c) Request PROFONANPE to transmit the observations under item (b) to the Government of Peru.

(Decision B. 26/17)

Proposals from Regional Implementing Entities (RIEs)

Niger: Enhancing Resilience of Agriculture to Climate Change to Support Food Security in Niger, through Modern Irrigation Techniques (Fully-developed Project Document; *Banque Ouest Africaine de Développement* (BOAD; West African Development Bank); NER/RIE/Food/2012/1; US\$ 9,990,000)

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 *Banque Ouest Africaine de Développement* (BOAD) to the request made by the technical review;
- b) Suggest that BOAD 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 budget and budget notes should be presented in a consistent manner throughout the proposal and should clarify which activities will be covered as co-financing in the relevant sections of the proposal;
 - (ii) The project-level Environmental and Social Management Plan (ESMP) should take into account all the components of the project, beyond the 200 sub-projects to be funded. The Plan should provide a framework for systematic risk screening and management for the whole project;
 - (iii) The capacity of the beneficiaries to develop sub-project proposals for funding through the project and to carry out the environmental and social risk identification and assessment should be demonstrated, or the framework of support to carry out such activities should be better outlined in the proposal;

- (iv) The criteria for the definition of marginalized and vulnerable groups should be clarified. Also, gender equity and women's empowerment should be ensured above the bonus system suggested in the subproject selection criteria;
 - (v) The budget allocated for the development and implementation of a large scale project does not seem adequate. The proponent should clarify if this output relates to the development of a proposal for a large scale project that will build on the lessons from this project; and
- c) Request BOAD to transmit the observations under item (b) to the Government of Niger.

(Decision B. 26/18)

Proposals from Multilateral Implementing Entities (MIEs)

Albania: Developing Climate Resilient Agriculture and Flood Management in Albanian Western Lowlands (Fully-developed Project Document; the World Bank; ALB/MIE/DRR/2015/1; US\$ 6,303,850)

46. 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 World Bank to the request made by the technical review;
- b) Suggest that the World Bank 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 climate projections and scenarios of increased occurrence of flood threats in the region;
 - (ii) The proposal should include evidence of consultation with municipalities, homeowners, farmers and businesses. The proposal argues that the government is the main beneficiary of the project, although the insurance schemes will require co-financing of premiums and pooling of risks from local communities such as farmers. Therefore it is important that the inputs of all stakeholders be taken, including the most vulnerable groups, *inter alia* small farmers, non-home owners living in the target areas;
 - (iii) To better demonstrate its cost effectiveness, the proposal should provide alternatives to the approach (including insurance schemes) proposed to address flood issues and climate-related threats to agriculture. This may

include protection measures and more resilient agricultural practices, or diversified livelihoods;

- (iv) The proposal should further demonstrate the adaptation reasoning of the insurance schemes;
 - (v) The “concreteness” of the proposed project should be better justified, including a justification of the use of a number of international consultants, which costs (around 40 per cent of the total budget) are quite high; and
- c) Request the World Bank to transmit the observations under item (b) to the Government of Albania.

(Decision B. 26/19)

Review of proposals under the pilot programme for regional projects and programmes

Pre-concepts:

Proposals from Regional Implementing Entities (RIEs)

Benin, Burkina Faso, Ghana, Niger, Togo: Promoting Climate-Smart Agriculture in West Africa (Project Pre-concept; *Banque Ouest Africaine de Développement* (BOAD; West African Development Bank); AFR/RIE/Food/2015/1; US\$ 14,000,000)

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

- a) Endorse the project pre-concept, as supplemented by the clarification response provided by the *Banque Ouest Africaine de Développement* (BOAD) to the request made by the technical review;
- b) Request the secretariat to transmit to BOAD the observations in the review sheet annexed to the notification of the Board’s decision, as well as the following issues:
 - (i) The concept should elaborate on the linkages of the proposed project with national and regional initiatives and programmes in the same region and sectors, and explain how it avoids duplication and is complementary with them. In doing so the concept should reflect the potential complementarity with the fully-developed project document for Niger submitted by BOAD for consideration by the Board;
 - (ii) The concept should further elaborate the added value of the regional approach in the project;

- (iii) The concept should further explain how national institutions would contribute to or participate in the mainstreaming of innovative practices developed by this project;
 - (iv) The concept should explain how knowledge developed under the project could contribute to building up of adaptation knowledge at the international and regional levels, including through existing international and regional knowledge platforms;
- c) Approve the Project Formulation Grant of US\$ 20,000;
 - d) Request BOAD to transmit the observations under item (b) to the Governments of Benin, Burkina Faso, Ghana, Niger, and Togo; and
 - e) Encourage the Governments of Benin, Burkina Faso, Ghana, Niger, and Togo to submit through BOAD a project concept that would also address the observations under item (b) above.

(Decision B. 26/20)

Chile, Ecuador: Reducing climate vulnerability in urban and semi urban areas in cities in Latin America (Project pre-concept; *Banco de Desarrollo de America Latina* (CAF; Development Bank of Latin America); LAC/RIE/DRR/2015/1; US\$ 11,216,508)

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

- a) Not endorse the project pre-concept, as supplemented by the clarification response provided by the *Banco de Desarrollo de America Latina* (CAF) to the request made by the technical review;
- b) Suggest that CAF 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 further demonstrate the relevance of the regional approach, and should re-consider the decision to implement the project in two very different kinds of cities;
 - (ii) Upon justification of the regional approach, the proposed activities should be reformulated in order to achieve the regional objective, demonstrating innovation in the approach and clarifying the role of national institutions (including the National Implementing Entity) in the implementation arrangements for the project; and

- c) Request CAF to transmit the observations under item (b) to the Governments of Chile and Ecuador.

(Decision B. 26/21)

Proposals from Multilateral Implementing Entities (MIEs)

Burundi, Kenya, Rwanda, Tanzania and Uganda: Adapting to Climate Change in Lake Victoria Basin (Project Pre-concept; United Nations Environment Programme (UNEP); AFR/MIE/Water/2015/1; US\$ 5,000,000)

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

- a) Endorse the project pre-concept, as supplemented by the clarification response provided by the United Nations Environment Programme (UNEP) to the request made by the technical review;
- b) Request the secretariat to transmit to UNEP the observations in the review sheet annexed to the notification of the Board's decision, as well as the following issues:
 - (i) At the concept stage, the proposal should explain how it will build from and not duplicate with past and existing initiatives looking at addressing climate change impacts and vulnerabilities in the Lake Victoria Basin (LVB);
 - (ii) The project concept should elaborate on how the long-term financial sustainability of the small grants programme will be ensured;
 - (iii) The project concept should include key elements of the regional Vulnerability, Impacts and Adaptation Assessment (VIA) under preparation through the PREPARED project, and if available, build on the LVB Commission (LVBC) Climate Change Adaptation Strategy and Action Plan;
- c) Approve the Project Formulation Grant of US\$ 20,000;
- d) Request UNEP to transmit the observations under item (b) to the Governments of Burundi, Kenya, Rwanda, Tanzania and Uganda; and
- e) Encourage the Governments of Burundi, Kenya, Rwanda, Tanzania and Uganda to submit through UNEP a project concept that would address the observations under item (b) above.

(Decision B. 26/22)

Colombia, Ecuador: Improving the Resilience to Reduce the Impacts of Climate Change on Dryland Ecosystems for Food and Nutrition Security and Gender Equality (Project Pre-concept; World Food Programme (WFP); LAC/MIE/Food/2015/1; US\$ 14,000,000)

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

- a) Not endorse the project pre-concept, as supplemented by the clarification response provided by the World Food Programme (WFP) to the request made by the technical review;
- b) Suggest that WFP 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 further demonstrate the relevance and the added value of the regional approach;
 - (ii) Upon justification of the regional approach, the proposed activities should be reformulated in order to achieve the regional objective, demonstrating innovation in the approach; and
- c) Request WFP to transmit the observations under item (b) to the Governments of Colombia and Ecuador.

(Decision B. 26/23)

Cuba, Dominican Republic, Jamaica: Risk Reduction Management Centres: local adaptation response to national climate and early warning information in the Caribbean (Project Pre-concept; United Nations Development Programme (UNDP); LAC/MIE/DRR/2015/1; US\$ 4,969,367)

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

- a) Endorse the project pre-concept, as supplemented by the clarification response provided by the United Nations Development Programme (UNDP) to the request made by the technical review;
- b) Request the secretariat to transmit to UNDP the observations in the review sheet annexed to the notification of the Board's decision, as well as the following issues:
 - (i) At the concept stage, the proposal should further explain, and if necessary reconsider, the decision not to have a regional data hub that would support the regional nature of the project;
 - (ii) The project concept should further elaborate how the proposal would represent innovation;

- c) Approve the Project Formulation Grant of US\$ 20,000;
- d) Request UNDP to transmit the observations under item (b) to the Governments of Cuba, Dominican Republic, and Jamaica; and
- e) Encourage the Governments of Cuba, Dominican Republic, and Jamaica to submit through UNDP a project concept that would also address the observations under item (b) above.

(Decision B. 26/24)

Ethiopia, Kenya, Uganda: Agricultural Climate Resilience Enhancement Initiative (ACREI) (Project Pre-concept; World Meteorological Organization (WMO); AFR/MIE/Food/2015/2; US\$ 5,000,000)

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

- a) Not endorse the project pre-concept, as supplemented by the clarification response provided by the World Meteorological Organization (WMO) to the request made by the technical review;
- b) Suggest that WMO 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) To complement the capacity-building activities, the proposal could integrate in the project's approach, activities of support to the most vulnerable farmers in implementation of practices learned in the Field Schools, as well as support for investment in infrastructure for improved production of climate information;
 - (ii) The rationale for the regional approach needs to be better demonstrated; and
- c) Request WMO to transmit the observations under item (b) to the Governments of Ethiopia, Kenya and Uganda.

(Decision B. 26/25)

Mauritius, Seychelles: Restoring marine ecosystem services by rehabilitating coral reefs to meet a changing climate future (Project Pre-concept; United Nations Development Programme (UNDP); AFR/MIE/Food/2015/1; US\$ 4,900,000)

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

- a) Endorse the project pre-concept, as supplemented by the clarification response provided by the United Nations Development Programme (UNDP) to the request made by the technical review;
- b) Request the secretariat to transmit to UNDP the observations in the review sheet annexed to the notification of the Board's decision, as well as the following issue:
 - (i) The concept should explain how knowledge developed under the project could contribute to building up adaptation knowledge at the international and regional levels, particularly among Small Island Developing States (SIDS), including through existing international and regional platforms;
- c) Approve the Project Formulation Grant of US\$ 20,000; and
- d) Encourage the Governments of Mauritius and Seychelles to submit through UNDP a project concept.

(Decision B. 26/26)

Analysis of climate adaptation reasoning in project and programme proposals approved by the Board

54. Having considered the comments and recommendation of the Project and Programme Review Committee (PPRC), the Adaptation Fund Board decided to:

- a) Request the secretariat to:
 - (i) Finalize the report on the analysis of climate adaptation reasoning for its approval intersessionally between the 26th and 27th meetings and before the 21st session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP 21), taking into account comments made by the PPRC notably on the following issues:
 - 1) The analysis of adaptation reasoning within the wider development community should be broadened to include other development actors;
 - 2) The document should include more information with respect to the labelling of figures;
 - (ii) Produce a shortened and simplified version of the report before COP 21, that would be used for communication and outreach purposes;
 - (iii) Promote the report including through events and through engagement with relevant institutions and through bodies under the United Nations Framework Convention on Climate Change; and

- b) Request the PPRC to consider further study as recommended in document AFB/PPRC.17/5, in order to deepen the analysis of climate change adaptation reasoning in projects and programmes of the Adaptation Fund at the 19th meeting of the PPRC.

(Decision B. 26/27)

Other matters

Grants for projects under the readiness programme

55. Having considered the comments and recommendation of the Project and Programme Review Committee, the Adaptation Fund Board decided to request the secretariat to review intersessionally, between the 26th and 27th meetings of the Board, proposals submitted by National Implementing Entities for technical assistance grants and South-South cooperation grants under the Readiness Programme, and to submit the reviews to the PPRC for intersessional recommendation to the Board.

(Decision B. 26/28)

Proposed amendment of the Operational Policies and Guidelines

56. Having considered the comments and recommendation of the Project and Programme Review Committee, the Adaptation Fund Board decided to revise the operational policies and guidelines to amend the review process for small-size project and programme proposals so that:

- a) Small-size project and programme proposals can be submitted using a two-step review cycle, as an alternative to the one-step review cycle; and
- b) Small-size project and programme proposals are eligible for project formulation grants, at the time of endorsement of the concept for such proposal, provided that the total budget of the proposed concept is not less than US\$ 500,000.

(Decision B. 26/29)

Agenda Item 7: Report of 17th meeting of the Ethics and Finance Committee

57. The Chair of the EFC, Ms. Irina Helena Pineda Aguilar (Honduras, Group of Latin American and Caribbean Countries), presented the [Report of the EFC \(AFB/EFC.17/9\)](#). Among other things, the EFC had considered the report on stage 1 of the evaluation of the Fund; the Chair of the Board noted with thanks the *pro bono* services rendered over the course of the evaluation process by the three members of the Independent Review Panel. The Board then approved the following decisions on the matters considered by the EFC at its 17th meeting.

Evaluation of the Fund

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

- a) The Chair of the Board supported by the secretariat to prepare a management response to the Evaluation of the Fund (stage I) for consideration by the Board during the intersessional period; and
- b) The secretariat to prepare options for conducting stage II of the evaluation (portfolio evaluation) for consideration by the EFC at its 18th meeting.

(Decision B. 26/30)

Effectiveness and efficiency of the accreditation process

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

- a) Note the status report on the Accreditation Panel and the secretariat's work to enhance effectiveness and efficiency of the accreditation process procedurally and substantively (Document AFB/EFC.17/4); and
- b) Request the Accreditation Panel and the secretariat to consider the relevant findings of the Evaluation of the Fund (stage I) and finalize their work and present a draft for consideration by the EFC at its 18th meeting.

(Decision B. 26/31)

Gender-related policies and procedures of the Fund

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

- a) Recognize the importance of streamlining and strengthening the integration of gender considerations in the policies and procedures of the Adaptation Fund;
- b) Welcome the draft Adaptation Fund gender policy as contained in Annex I of document AFB/EFC.17/5;
- c) Launch a public call for comments on the aforementioned policy with a deadline of 31 December 2015; and
- d) Request the secretariat to present, at the 27th meeting of the Board:
 - (i) A revised proposal for an Adaptation Fund gender policy incorporating the inputs received from Board members and interested stakeholders through the public call for comments;

- (ii) An action plan to operationalize an Adaptation Fund gender policy, including any necessary changes to the relevant Adaptation Fund policies and procedures;
- (iii) A compilation of the comments received through the public call for comments; and
- (iv) An estimate of the costs related to operationalizing the policy.

(Decision B. 26/32)

Annual performance report for the fiscal year 2015

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

- a) Approve the Adaptation Fund's Annual Performance Report for the fiscal year 2015 contained in document AFB/EFC.17/6/Rev.1;
- b) Take note of the report of the secretariat on the number of requests for direct project services (RDPS) requested by United Nations Development Programme (UNDP) up to the end of fiscal year 2015;
- c) Request the secretariat to inform implementing entities (IEs) that the Board expects execution services provided by IEs to be submitted for consideration by the Board at the time of project approval, and such submissions to comply with the Board Decisions B.17/17 and B.18/30 on such services;
- d) Request IEs to clarify with partner executing entities the services that may be requested of the IEs before submission of fully-developed project/programme documents to the Board;
- e) Request that RDPS be submitted to the secretariat before an agreement is signed between the IE and the government or executing entity for the provision of those services;
- f) In cases where a RDPS is submitted to the secretariat for a project/programme that has been already been approved by the Board, request that IEs submit all the relevant justification for the RDPS explaining how the costs were established, along with a letter from the Designated Authority of the Adaptation Fund for the country(ies) of the project/programme endorsing the RDPS;
- g) Request the Chair of the Board to discuss the matter with UNDP at the appropriate level; and
- h) Approve, on an exceptional basis, the provision by UNDP of Direct Project Services up to the amount of US\$ 100,000 for the project in Guatemala.

(Decision B. 26/33)

Complaint handling mechanism

62. Having considered the comments and recommendation of the Ethics and Finance Committee (EFC), the Adaptation Fund Board decided to allow the Accreditation Panel more time to review the documentation submitted in relation to Complaint 001 and present its findings to the EFC at its 18th meeting.

(Decision B. 26/34)

Implementation of the code of conduct

63. The EFC Chair reported that no matters were raised under the item.

Financial issues

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

64. At the invitation of the Chair of the Board, the representative of the trustee reported on activities of the trustee since the last meeting, including issuance of the Single Audit Report and preparation of the Adaptation Fund Trust Fund Financial Statements for financial year 2015, and provided an update on the financial status of the Trust Fund. At the end of August 2015, total revenue to the Fund amounted to US\$ 483.4 million, including US\$ 194.4 million from certified emission reduction (CER) sales and US\$ 284.9 million from donations (and US\$ 4.1 million in investment income). Funds available for new project and programme approvals amounted to US\$ 130.0 million. The trustee reported that opportunistic sales of CERs continued at a modest pace, notwithstanding continued oversupply in the markets and very weak demand from buyers. Since January 1, 2015, the trustee had sold 1.9 million tons and generated US\$ 3.6 million of sales proceeds, of which € 2.6 million represented a pure premium over market prices. The average price achieved to date in 2015 was € 1.65, significantly above the market price for CERs from both the first and second commitment periods. Pledges were still outstanding from Belgium and Wallonia Region. The trustee presented the plan for monetization of CERs through the balance of financial year 2016, focusing on taking advantage of opportunities to sell CERs at premium prices through bespoke direct and over-the-counter sales.

65. Following the discussion, the Ethics and Finance Committee took note of the Adaptation Fund Trust Fund financial report and CER monetization plan prepared by the trustee (Document AFB/EFC.17/7).

(b) Reconciliation of the Board and secretariat, and trustee budgets for the fiscal year 2015

66. The representative of the secretariat presented the reconciliation of the approved budgets and actual costs for fiscal year 2015 and the approved budgets for fiscal year 2016, for the Board and secretariat and the trustee. Along with the Manager of the secretariat, she then fielded questions on the figures presented, notably in relation to the recommendations arising from the Fund evaluation.

67. In the area of communications, two short-term communications consultants had been hired, one as a speech writer and another to produce communications materials such as videos, keep the website up to date, and manage social media and other such campaigns. Due to a change in the bank's policy on hiring consultants, it was no longer possible to hire extended-term consultants; while the secretariat was somewhat constrained by this, a communications plan was in place in preparation for the Paris meeting, including the production of a longer video on the Fund's project and programme portfolio and a series of short videos of NIE interviews already available on the Fund's YouTube channel.

68. Following a reassignment of responsibilities within the secretariat, one senior climate change specialist was responsible for knowledge management in the portfolio and a newly-hired readiness program coordinator would support knowledge management as it related to readiness. The secretariat was also planning to update its knowledge management strategy to take into account the evolution of the Fund in recent years.

69. An increase in travel costs budgeted for 2016 was attributable to the addition of two secretarial staff members; no additional meetings were planned.

70. During the discussion, the representative of the trustee raised the matter of the preparation of independently audited financial statements. The trustee noted that it already provided the board with a Single Audit at no cost, and that the EFC might wish to consider the continued utility of the financial statements, which cost approximately \$60,000 per year. Deleting this requirement would require an amendment to the trustee Terms and Conditions, by decision of the Conference of the Parties serving as the Meeting of the Parties to the Kyoto Protocol (CMP).

The Ethic and Finance Committee took note of the reconciled budgets of the Adaptation Fund Board and secretariat and the trustee for the fiscal year 2015 (Document AFB/EFC.17/8).

(c) UNFCCC CER voluntary cancellation tool

71. The United Nations Framework Convention on Climate Change (UNFCCC) secretariat made a presentation on the launch of its on-line Voluntary Cancellation Tool (VCT) allowing individuals and other entities to buy and cancel certified emission reductions (CERs) and make payment by credit card or PayPal. The trustee provided an assessment of the tool's potential use for the monetization of the Fund's CERs, consistent with information already provided by the trustee to the Committee intersessionally. The Committee expressed a desire to participate in the VCT, but acknowledged the trustee's assessment that the retail-based nature and small transaction size expected on the VCT would not be cost effective for the Fund. Following a discussion on the costs, potential benefits and impediments to use (size, legal, tax and regulatory implications, etc.), the Committee decided to request the UNFCCC secretariat to consider adding a feature to the VCT directing potential larger volume CER purchasers directly to the trustee for follow-up.

72. Having considered the comments and recommendation 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 emission reductions (CERs) the Adaptation Fund Board decided to request:

- a) The secretariat and the trustee to explore options for using the UNFCCC CER Voluntary Cancellation Tool (VCT), including through advertising, and to report back to the EFC intersessionally;
- b) The secretariat to work with the UNFCCC secretariat in reaching out to additional potential large volume private buyers of CERs from Commitment Period 1 (CP1 CERs) and CERs from Commitment Period 2 (CP2 CERs) in the Adaptation Fund inventory, and once the secretariat identifies buyers, to put them in contact with the trustee; and
- c) The trustee to sell the CERs to buyers identified by the secretariat, subject to its Terms and Conditions and the Monetization Guidelines approved by the Board.

(Decision B. 26/35)

Other matters

(b) Investment income earned by Implementing Entities

73. Having considered the comments and recommendation of the Ethics and Finance Committee (EFC), the Adaptation Fund Board decided to request the secretariat to present a document on investment income earned by implementing entities for consideration by the EFC at its 18th meeting, containing:

- a) A compilation of the practice/operational rules followed by other funds regarding investment income; and
- b) A proposal of guidelines on investment income accrued by implementing entities for the Adaptation Fund.

(Decision B.26/36)

(c) Mechanism to receive returns of unspent project funds into the trust fund

74. Having considered the comments and recommendation of the Ethics and Finance Committee, the Adaptation Fund Board decided, for the purpose of facilitating the return of funds to the Adaptation Fund Trust Fund, to authorize the trustee to receive funds from implementing entities for deposit to the Adaptation Fund Trust Fund in accordance with the trustee's Terms and Conditions and procedures agreed between the trustee and secretariat.

(Decision B.26/37)

Agenda Item 8: Issues remaining from the 25th meeting

(a) *Strategic discussion on objectives and further steps of the Fund: Potential linkages between the Fund and the Green Climate Fund*

75. Introducing the item, the Chair of the Board noted that the Fund was grappling with the issues of financial sustainability and its role in the future climate finance architecture. He recalled a report of the Organisation for Economic Co-operation and Development (OECD) on climate change financing that showed that only 16 per cent of climate funding had been allocated to adaptation in 2013-2014, as well as the evaluator's assessment showing that the Fund was delivering on its mandate, and the latest PPRC report showing strong demand for the Fund's services. At its 25th meeting, the Board had requested the Chair to initiate consultations with the GCF and the SCF; the Chair had reported back on what had been done to fulfil that request under agenda item 3. At the same time, the Board had requested the secretariat, in consultation with the trustee, to prepare a document on legal, operational and financial analysis of the implications of various linkages with the GCF for consideration at the present meeting.

76. At the Chair's invitation, the Manager of the secretariat presented the document prepared in response to the Board's request (Document AFB/B.26/5). The secretariat had considered the two options previously discussed by the Board: accreditation of the Fund by the GCF (albeit without assessing whether or not the Fund met the GCF accreditation requirements, which was beyond of the scope of the document), and a legal agreement or memorandum of understanding (MOU) with the GCF. Accreditation of the Fund under GCF would make sense if it allowed the Fund to act as an intermediary to channel funds to programmes, i.e., if the Fund could submit a broad programme to the GCF board for approval under GCF rules and then approve individual projects under Adaptation Fund rules. Even though the criteria for adaptation projects under the GCF appeared to be in line with those of the Fund, it was still too early to fully assess how linkages between the two funds could be operationalized, as the GCF had not yet finalized a master agreement or approved any projects. The second option of a legal agreement or MOU between the two funds might allow more flexibility to tailor a linkage to the specific situations, features and types of projects typically funded by the Adaptation Fund.

77. The trustee then took the floor to explain the implications of linkages with the GCF from the trustee's perspective. He noted that because the World Bank provided trustee service to both funds on an interim basis, it should be fairly straightforward to address the implications of linkages between the Fund and the GCF. Indeed, many simply required a Board decision or a slight amendment to the existing legal agreements; nevertheless, there were others that required more action, as outlined in the document. He drew the Board's attention the fact that the trustee's mandates expired in May 2017 for the Adaptation Fund and in April 2018 for the GCF, which gave rise to additional considerations.

78. In the ensuing discussion, it was generally felt that it was premature to seek accreditation under the GCF. Although some saw accreditation as a means of ensuring the Fund's sustainability, others disagreed, and furthermore, stressed the need to separate the issues of linkages with the GCF and financial sustainability. It was pointed out that under paragraphs 33 and 34 of its Governing Instrument, the GCF was required to make appropriate arrangements with other funds under the UNFCCC. With its positive evaluation report, strong demand for support, and success in delivering

adaptation results, the Adaptation Fund was uniquely positioned to bring added value to the GCF in the area of adaptation. The Fund should focus on its strengths and on communicating them clearly. Nevertheless, the issue of creating linkages with other entities under paragraphs 33 and 34 did not appear to be a priority for the GCF at present, and the Board required guidance on how the discussion on linkages could be initiated. The Board also agreed to continue its dialogue with GCF on readiness support to access climate finance. Some members felt however that the Board should not sign on the GCF readiness principles but to continue building complementarities between the readiness programmes of the two funds.

79. Recalling Decision B.25/26, the Adaptation Fund Board (the Board) decided to:

- a) Request the Chair and Vice-Chair of the Board and the secretariat, in consultation with the trustee, as appropriate, to continue the discussion with the Standing Committee on Finance (SCF) and the Green Climate Fund (GCF) Board Co-Chairs and secretariat as outlined in Board Decision B.25/26, and to report back to the Board at its 27th meeting;
- b) Invite the 11th session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP11) to:
 - (i) Provide guidance on the mandate of the Board to take decision on linkages between the GCF and the Adaptation Fund;
 - (ii) Invite the 21st session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP21), in its guidance to the GCF, to request the GCF board to consider potential linkages between the GCF and the Adaptation Fund within the context of paragraphs 33-34 of the Governing Instrument of the GCF; and
- c) Request the secretariat to update document AFB/B.26/5 based on the outcome of the COP21/CMP11 for full consideration by the Board at its 27th meeting.

(Decision B.26/38)

Agenda Item 9: Proposal to modify the country cap

80. The Chair of the Board reminded the meeting that the country cap had initially been set by the Board, at its 13th meeting at US\$ 10 million as an interim measure to ensure that all countries would be treated equitably during the initial period of project submissions. That equity had now been achieved in principle and the country cap might now be having the unfortunate effect of discouraging new applicants for accreditation as NIEs. Ten countries had reached the country cap limit and another six were approaching it. Sixteen countries were essentially precluded from asking for additional support from the Fund and those with NIEs now found that the NIEs they had put so much effort into creating were unable to support additional projects in their countries. Some countries had come to question whether it was an effective use of resources to go through the burden of the process of accreditation when the country cap was limited to US\$ 10 million. To encourage countries

to continue with the process of the accreditation of their NIEs, he suggested that the Board might wish to raise the country cap to US\$ 20 million.

81. It was asked whether the higher cap would also apply to those countries that had already reached the current country cap, and how many of the Least Developed Countries (LDCs) had already approached the Fund for funding or accreditation of an NIE. It would be useful to have a paper from the secretariat that provided an analysis of how the country cap might be modified and the implications of making such a change. The problem with caps was that they generally encouraged applicants to seek the maximum amount of funding so that a higher cap could simply mean larger projects without increasing the number of projects being funded. Raising the country cap might also encourage the MIEs to make additional proposals as well. Many other Funds had a replenishment process; something that was missing for the Adaptation Fund.

82. The Chair said sixteen of the LDCs and eleven of the Small Islands Developing States (SIDs) had accessed the Fund to date. The Fund held some US\$ 130 million that had not yet been allocated to support projects and programmes. That was of concern to donors and it had been hard to demonstrate that the Fund required additional donations when it continued to hold such large amounts. Others pointed out that the PPRC was considering projects and programmes that would need to be funded when approved, and that the Fund had to make provision for funding those projects and programmes.

83. The Adaptation Fund Board (the Board) decided to request the secretariat to prepare, for consideration by the Board at its 27th meeting, an analysis on how the country cap may be modified and the potential implications of that, taking into account the discussion at the present Board meeting.

(Decision B.26/39)

Agenda Item 10: Communications and outreach

84. The secretariat reported on developments in the communication strategy which sought to raise country and stakeholder awareness of the fund through an online platform that told an engaging story about the Fund through the Fund's partners in the media. The Fund had developed a new social media strategy which would ensure more frequent and meaningful postings from the Fund. There were also synergies to be found between the content on the website and that in the social media. The secretariat explained the targets, and the measurements being used to establish the success of the strategy. The key element was to produce authentic content that would keep users coming back to the Fund's website. The new version of the website had been launched during the summer and contained a mechanism to measure the website's performance. It allowed the measurement of the number of times the website had been visited, and how long those visits had been. That had shown that there had been a progressive increase in the interest in the Fund's website. He also spoke of the current communication projects, which included news releases, and a video series on NIEs and the readiness programme. It was hoped that the video project could be shown at COP21, together with a photo exhibit and Adaptation Fund branded materials. There would also be a side event, a dialogue with contributors and a speaking slot at the high-level segment.

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

Agenda Item 11: Financial issues

Financial status of the Trust Fund and CER monetization

86. At the invitation of the Chair of the Board, the representative of the trustee reported on activities of the trustee since the last meeting (see paragraph 63).

87. Following the discussion, the Adaptation Fund Board took note of the Adaptation Fund Trust Fund financial report and CER monetization plan prepared by the trustee (Documents AFB/EFC.17/6 and AFB/B.26/Inf.4).

Agenda Item 12: Dialogue with civil organisations

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

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

89. Following a discussion, the Adaptation Fund Board decided to:

a) Elect:

- (i) Mr. Michael Jan Hendrik Kracht (Germany, Annex I Parties) as Vice-Chair of the Adaptation Fund Board;
- (ii) Mr. Yerima Peter Tarfa (Nigeria, Africa) as Chair of the Project and Programme Review Committee;
- (iii) Mr. Hugo Potti Manjavacas (Spain, Annex I Parties) as Vice-Chair of the Project and Programme Review Committee;
- (iv) Ms. Tove Zetterström-Goldmann (Sweden, Annex I Parties) as Chair of the Ethics and Finance Committee;
- (v) Ms. Patience Dampsey (Ghana, Non-Annex I Parties) as Vice-Chair of the Ethics and Finance Committee;
- (vi) Ms. Yuka Greiler (Switzerland, Western European and Others Group) as Chair of the Accreditation Panel;
- (vii) Mr. Philip S. Weech (Bahamas, Latin America and Caribbean States) as Vice-Chair of the Accreditation Panel; and

b) Elect intersessionally the Chair of the Adaptation Fund Board.

(Decision B.26/40)**Agenda Item 14: Dates and venues of meetings in 2016 and onwards**

90. The Adaptation Fund Board decided to hold:
- a) Its 27th meeting from 15 to 18 March 2016 in Bonn, Germany;
 - b) Its 28th meeting from 4 to 7 October 2016 in Bonn, Germany;
 - c) Its 29th meeting from 14 to 17 March 2017 in Bonn, Germany; and
 - d) Its 30th meeting from 10 to 13 October 2017 in Bonn, Germany.

(Decision B.26/41)**Agenda Item 15: Other matters***(a) Amendment of the terms of reference for the EFC and PPRC*

91. The secretariat informed the Board that it would be useful for the PPRC to discuss monitoring and evaluation issues at the project level, including project performance reviews, as its members were more familiar with those issues and its officers were covering those topics. It was suggested that the Terms of Reference of the PPRC and the EFC be modified so that the issue of monitoring and evaluation would be divided between them. The PPRC would monitor and evaluate the progress of the projects and programmes and the EFC would continue to monitor evaluate issues at the Fund level, such as the annual performance reports.

92. The outgoing Chair of the PPRC said while she did not disagree with the proposal, the PPRC would need to have an additional half day, as needed, if it were to take on the monitoring and evaluation of project and programmes in addition to its present heavy agenda. The PPRC, at its most recent meeting, had found its agenda to be particularly crowded and it had not been possible to complete its work within the period allotted to it by the Chair.

93. The Chair of the Board said that the work of the committees could be done more efficiently. It was also pointed out that in the past the EFC had found its agenda just as crowded; its meetings also ran late on occasion. The work of the committees varied, as did the amount of time allocated to them to complete their work. What was needed was a balanced workload between the committees, an issue that the incoming Chair of the Board would have to address, in consultation with the chairs of the committees.

94. The Adaptation Fund Board decided to amend the terms of reference of the Ethics and Finance Committee (EFC) and the Project and Programme Review Committee (PPRC) so that:

- a) The EFC would address issues concerning monitoring and evaluation at the fund level, including Adaptation Fund annual performance reports, and would no longer address issues concerning monitoring and evaluation of projects and programmes;
- b) The PPRC would address issues concerning monitoring and evaluation at the project and programme level; and
- c) The terms of reference of the EFC and the PPRC, as amended, are attached as Annex V to the present report.

(Decision B.26/42)

(b) Update from the Resource Mobilisation Task Force

95. The Board heard a report of the meeting of the Resource Mobilization Task Force that had taken place in the margins of the present meeting. There was an urgent need for further resource mobilization to fund the projects and programmes coming before the Board and the traditional income of the CERs could not be relied upon to cover that. The Board would have to rely on the contributions from donor countries and consequently the priority for the Task Force would be to concentrate on the outreach needed before COP21, as well as the review of the funding strategy before the next meeting of the Board. Donors had to be informed of the added value of the Adaptation Fund, and approaches had to be made to potential contributors. The message was that the Adaptation Fund was delivering on its mandate and that the demand for its services was growing; what was now needed was adequate financing so that the Fund could complete its mission. The secretariat had been asked to develop supportive materials to assist in that outreach: a single page briefing paper for the members as well as an external paper that could be left with those that the members had approached. As a next step, the secretariat would produce the two documents which the task force would then approve and distribute. All Board members had to be supportive of the exercise. The task force also planned to have another meeting in the margins of COP21 to prepare its mid-term work up to the next Board meeting.

96. Questions were asked about the amount of money the task force was seeking to raise, the languages in which the materials would be distributed, and the desirability of communicating with the non-governmental organisations and civil society during COP21. The Board was informed that the target for the task force had been set at US\$ 160 million of which US\$ 95 million still needed to be raised. The task force had also discussed collaboration with civil society and had agreed that anyone at the present meeting was free to make the case for the Adaptation Fund with their colleagues and other stakeholders. While the language of the materials had not been discussed, the Chair of the Board said that it should not be too expensive to translate a single page briefing paper into the relevant languages. The Chair also reminded the members that they were all ambassadors for the Fund and had to make the effort to help the task force make its case to the donors.

97. The Adaptation Fund Board took note of the report by the Resource Mobilization Task Force.

(c) Regional projects

98. The Board was reminded that during the adoption of the recommendations of the PPRC, it had been agreed to defer further consideration of the pilot programme for regional projects to the agenda item for “Other matters”. To facilitate that discussion the Chair invited the representative of the secretariat to give a brief background report on the reasons for the pilot programme.

99. The representative of the secretariat explained the structure and thinking behind the pilot programme. It had been informed by a survey of stakeholders which had indicated that there was tremendous demand for regional projects, a demand which was in excess of US\$ 200 million. There were some significant advantages to regional projects, such as economies of scale and the ability to address transboundary issues. However, regional projects were also more complex and required more planning, and needed to take into account a diversity of situations. The coordination of regional activities was more difficult than the coordination of activities within a single country, and consequently the level of financing for coordination needed to be higher. To help with the coordination of activities between several countries, the Board had allowed for project PFGs. There were three steps to the process: pre-concepts, concepts and fully-developed proposals. The PFGs could be for up to US\$ 100,000. If a pre-concept was submitted, the proponent could ask for a PFG of US\$ 20,000. If a concept was subsequently submitted for the same proposal then the proponent could ask for the additional US\$ 80,000 to help to prepare the fully-developed proposal. The total amount for the programme was US\$ 30 million. In addition to the US\$ 1 million for PFGs there was a US\$ 14 million window and three windows of US\$ 5 million for the projects. At the present meeting, the only funding for the pilot programme that had been approved was for the four PFGs for the pre-concepts: US\$ 80,000.

100. In the discussion that followed one member pointed out that the four pre-concepts approved meant that the PPRC could expect to consider at least four concepts at its next meeting. It would therefore be useful for the Board to request the PPRC at its next meeting to make a recommendation to the Board on how to address the fact that the number of projects being approved would exceed the cap US\$ 30 million. The four pre-concepts, if approved for funding, would have combined funding requests of US\$ 28.8 million. Any additional projects approved would already exceed the cap set for the pilot programme.

101. The Chair of the Board said that as the item had not been placed on the agenda of the Board he did not think that it was desirable to make a recommendation at the present time. However, the issue could be placed on the agenda of the PPRC for its next meeting, and it should be discussed before any other proposals for funding under the pilot programme were considered.

Agenda Item 16: Adoption of the report

102. The present report was adopted intersessionally by the Board following its twenty-sixth meeting.

Agenda Item 17: Closure of the meeting

103. The Chair declared the meeting closed at 3:30 p.m. on Friday, 9 October 2015.

ANNEX I

ATTENDANCE AT ADAPTATION FUND BOARD – TWENTY-SIXTH MEETING

MEMBERS		
Name	Country	Constituency
Mr. Yerima Peter Tarfa	Nigeria	Africa
Mr. Ezzat Lewis Hannalla Agaiby	Egypt	Africa
Mr. Nauman Bashir Bhatti	Pakistan	Asia-Pacific
Mr. Ahmed Waheed	Maldives	Asia-Pacific
Mr. Philip S. Weech	Bahamas	Latin America and the Caribbean
Ms. Yuka Greiler	Switzerland	Western European and Others Group
Mr. Michael Jan Hendrik Kracht	Germany	Annex I Parties
Ms. Tove Zetterström-Goldmann	Sweden	Annex I Parties
Ms. Fatuma Mohamed Hussein	Kenya	Non-Annex I Parties
Ms. Patience Dampfey	Ghana	Non-Annex I Parties
Mr. Paul Elreen Phillip	Grenada	Small Island Developing States

ALTERNATES		
Name	Country	Constituency
Mr. Petrus Muteyauli	Namibia	Africa
Mr. Zaheer Fakir	South Africa	Africa
Mr. Waduawatte Lekamalaga Sumathipala	Sri Lanka	Asia-Pacific
Mr. Albara E. Tawfiq	Saudi Arabia	Asia-Pacific
Mr. Aram Ter-Zakaryan	Armenia	Eastern Europe
Ms. Umayra Taghiyeva	Azerbaijan	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. Hans Olav Ibrenk	Norway	Western European and Others Group
Mr. Hugo Potti Manjavacas	Spain	Annex I Parties
Ms. Margarita Caso Chavez	Mexico	Non-Annex I Parties
Mr. Naresh Sharma	Nepal	Least Developed Countries
Mr. Samuela Vakaloloma Lagataki	Fiji	Small Island Developing States

ANNEX II

ADOPTED AGENDA OF THE TWENTY-SIXTH BOARD MEETING

1. Opening of the meeting
2. Organizational matters
 - (a) Adoption of the agenda
 - (b) Organization of work
3. Report of the Chair
4. Report of the secretariat
5. Report of the Accreditation Panel
6. Report of the Project and Programme Review Committee (PPRC)
7. Report of the Ethics and Finance Committee (EFC)
8. Issues remaining from the 25th meeting
 - (a) Strategic discussion on objectives and further steps of the Adaptation Fund: Potential linkages between the Adaptation Fund and the Green Climate Fund
9. Proposal to modify the country cap
10. Communications and outreach
11. Financial issues
 - (a) Financial status of the trust fund and CER monetization
12. Dialogue with civil organisations
13. Election of the Adaptation Fund Board, PPRC, EFC and Accreditation Panel Chairs and Vice-Chairs
14. Dates and venues of meetings in 2016 and onwards
15. Other matters
 - (a) Amendment of the terms of reference for the EFC and PPRC
 - (b) Update from the Research Mobilisation Task Force
 - (c) Regional projects

16. Adoption of the report
17. Closure of the meeting

ANNEX III

AFB26 PROJECT RELATED FUNDING DECISIONS, OCTOBER 9, 2015

	Country/Title	IE	Document Ref	Project	NIE	RIE	MIE	Set-aside Funds	Decision
1. Projects and Programmes: Single-country									
	India (2)	NABARD	AFB/PPRC.17/11	969,570	969,570			969,570	Approved
	Namibia (1)	DRFN	AFB/PPRC.17/12	989,140	989,140				Not approved
	Namibia (2)	DRFN	AFB/PPRC.17/13	750,000	750,000				Not approved
	Namibia (3)	DRFN	AFB/PPRC.17/14	750,000	750,000				Not approved
	Chile	AGCI	AFB/PPRC.17/15	9,960,000	9,960,000			9,960,000	Approved
	India (3)	NABARD	AFB/PPRC.17/16	1,344,155	1,344,155			1,344,155	Approved
	Namibia (4)	DRFN	AFB/PPRC.17/17	6,000,000	6,000,000				Not approved
	Peru (2)	PROFONANPE	AFB/PPRC.17/18	6,950,239	6,950,239				Not approved
	Niger	BOAD	AFB/PPRC.17/19	9,990,000		9,990,000			Not approved
	Albania	WB	AFB/PPRC.17/20	6,303,850			6,303,850		Not approved
Sub-total				44,006,954	12,273,725			12,273,725	
2. Project Formulation Grants: Single country									
	India (1)	NABARD	AFB/PPRC.17/6/Add.1	28,400	28,400			28,400	Approved
	Senegal	CSE	AFB/PPRC.17/7/Add.1	30,000	30,000			30,000	Approved
Sub-total				58,400	58,400			58,400	
3. Concepts: Single-country									
	India (1)	NABARD	AFB/PPRC.17/6	2,514,561	2,514,561				Endorsed
	Senegal	CSE	AFB/PPRC.17/7	1,256,983	1,256,983				Endorsed
	Ecuador	CAF	AFB/PPRC.17/8	2,489,373		2,489,373			Not endorsed
	Guinea Bissau	BOAD	AFB/PPRC.17/9	9,979,000		9,979,000			Not endorsed
	Peru (1)	CAF	AFB/PPRC.17/10	2,236,925		2,236,925			Not endorsed
Sub-total				18,476,842	3,771,544			0	

	Country/Title	IE	Document Ref	Project	NIE	RIE	MIE	Set-aside Funds	Decision
4. Pre-concepts: Regional									
	Benin, Burkina Faso, Ghana, Niger, Togo	BOAD	AFB/PPRC.17/21	14,000,000		14,000,000			Endorsed
	Chile, Ecuador	CAF	AFB/PPRC.17/22	11,216,508		11,216,508			Not endorsed
	Burundi, Kenya, Rwanda, Tanzania, Uganda	UNEP	AFB/PPRC.17/23	5,000,000			5,000,000		Endorsed
	Colombia, Ecuador	WFP	AFB/PPRC.17/24	14,000,000			14,000,000		Not endorsed
	Cuba, Dominican Republic, Jamaica	UNDP	AFB/PPRC.17/25	4,969,367			4,969,367		Endorsed
	Ethiopia, Kenya, Uganda	WMO	AFB/PPRC.17/26	5,000,000			5,000,000		Not endorsed
	Mauritius, Seychelles	UNDP	AFB/PPRC.17/27	4,900,000			4,900,000		Endorsed
Sub-total				28,869,367	0	14,000,000	14,869,367	0	
5. Project Formulation Grants: Regional									
	Benin, Burkina Faso, Ghana, Niger, Togo	BOAD	AFB/PPRC.17/21/Add.1	20,000		20,000		20,000	Approved
	Chile, Ecuador	CAF	AFB/PPRC.17/22/Add.1	20,000		20,000			Not approved
	Burundi, Kenya, Rwanda, Tanzania, Uganda	UNEP	AFB/PPRC.17/23/Add.1	20,000			20,000	20,000	Approved
	Cuba, Dominican Republic, Jamaica	UNDP	AFB/PPRC.17/25/Add.1	20,000			20,000	20,000	Approved
	Mauritius, Seychelles	UNDP	AFB/PPRC.17/27/Add.1	20,000			20,000	20,000	Approved
Sub-total				80,000	0	20,000	60,000	80,000	
6. Total (6 = 1 + 2 + 3 + 4 + 5)				91,491,563				12,412,125	

ANNEX IV

DIALOGUE WITH CIVIL SOCIETY, 8 OCTOBER 2015, BONN, GERMANY

1. Chair of the Adaptation Fund Board, Mr. Hans Olav Ibrekk (Norway, Western European and Other States), invited the Board to enter into a dialogue with civil society.
2. Mr. Alpha Kaloga, Germanwatch, spoke on the policy issues raised by the documents submitted to the 26th AFB meeting, and especially focused on the findings of the Evaluation of the Fund (Document AFB/EFC.17/3). He said that when considering the issue of vulnerability, the Adaptation Fund should consider the work of other scientific bodies and the views of relevant stakeholders, in addition to those of other funds. Resource mobilisation was also a key point and it was important to have clarity on the role and nature of linkages to other funding sources beyond 2020. Having more clarity on that issue would help the Fund to have a strong narrative that might help overcome the reluctance of some to provide additional resources to the Fund.
3. Mr. Kaloga said that the civil society supported the proposal to strengthen the internal governance of National Implementing Entities (NIEs), both before and during accreditation; but that capacity building also needed face-to-face interactions, where possible. It also supported a smart division of labour, the delegation of decision making to the Adaptation Fund Board secretariat (the secretariat), and better harnessing the expertise of the members of the Accreditation Panel. The Evaluation should have explored the accreditation gap noticed by the Green Climate Fund (GCF) as well as the benefits and disadvantages of harmonizing the Fund's procedures with the GCF. It was also important to identify those stakeholders who could help to promote the Adaptation Fund within their constituencies.
4. The Fund had set a precedent under the Convention with its pilot programme for regional projects, but it had also to ensure that those regional projects were aligned with national adaptation strategies and that, even at the level of concepts, there has to be meaningful consultation with local actors, a fact that he was missing, based on the feedback he got from his partners. He also welcomed the gender policies of the Fund which sent a strong and positive signal to the donors and the stakeholders.
5. In response to a query on how to involve local actors in the regional projects, he said that the Fund should make no distinction in its evaluations between regional and national projects and programmes; the same principles and rules should apply in both cases. One of the strong features of the Fund had been its focus on the needs of the vulnerable. Even though the concepts were at an early stage, the project proponents had identified certain regions which also implied a first exchange between the proponents and the targeted people in that region. He also pointed out a discrepancy between the project formulation grants for regional pre-concepts, which were only US\$ 20,000 in the initial phases, while those of the NIEs which could be up to US\$ 30,000. He said that regional consultations were at least as important as national consultations, and the impression was given that regional consultations would be less extensive than those in national projects.

6. Mr. Sönke Kreft, GermanWatch, said that the principles of the Cancun Adaptation Framework meant that adaptation should be: country-driven, gender-sensitive, participatory, and fully transparent, while taking into consideration vulnerable groups, communities and ecosystems. Adaptation should be based on, and guided by, the best available science and, as appropriate, traditional and indigenous knowledge, with a view to integrating adaptation into relevant social, economic and environmental policies and actions. Since Cancun, the decisions of the Conference of the Parties had reiterated those principles, which were also to be found in the draft texts for COP21. However, mention of the Cancun principles seemed to be missing from many of the publically available documents of the Fund.

7. In the discussion that followed, it was pointed out that the Fund had been quite original in its approach to adaptation and that if civil society were to undertake an analysis of the projects and programmes on the ground it would see that the issues that had been raised were being addressed by the Fund. The proof of the Fund was not in the number of times principles could be ticked off as having been mentioned in its documents but in whether it was actually applying those principles in practice and on that level the Fund was doing rather well. It was also asked if it was useful to mention those principles in the documents being prepared for COP21 if no funding was allocated to ensure that they could be subsequently applied.

8. Ms. Lisa Junghans (Germanwatch) reported on projects in: Benin, Cambodia, Honduras, Jordan, Kenya, Senegal and Rwanda. Three local experts had been identified to work on the reformulation of the proposal for Benin, which needed explain how the proposal related to climate change adaptation. In Cambodia approximately 50 per cent of the activities had been completed: plant species had been restored, multi-use trees had been planted around rice paddies, and training had been provided to local communities. In Honduras training had been provided for the prevention and control of forest fires and local farmers had participated in workshops and had shared their experiences on the installation and best use of micro-irrigation systems.

9. In Jordan the first meeting of the national steering committee had occurred but due to delays by the NIE, a previously planned workshop could only be conducted in October. The local partner of the NGO Network had also submitted a formal request to be included in the national steering committee. In Kenya there had been no activity on the project site but the NIE had developed a number of project governance tools that would harmonize and standardize reporting and programme implementation among the executing entities.

10. The project in Senegal had been completed and the Government had decided to extend the breakwater in Saly, in partnership with the World Bank. Rwanda had seen sound progress on its activities and a number of terraces and trees had been planted to protect the land against soil erosion and landslides; the potatoes and beans that had been planted on the terraces had also produced very high yields, and two hundred new houses, and the corresponding infrastructure, were being installed.

11. The recommendations of civil society were that more awareness was needed at local level on climate change and disaster risks, as well as how to address those risks. There needed to be improved communication, collaboration and coordination at all levels, and, in order to assure long-

term sustainability, there also needed to be: support for poor and vulnerable households, enhanced community involvement, and medium and long-term planning with clear roles and responsibilities for different stakeholders.

12. Indi McLymont Lafayette, Panos, said that the second component of the project for Jamaica had focused on adaptive agriculture in seven parishes and that 2000 farmers had benefited from crop assistance. Jamaica had been experiencing one of its longest droughts and the project had helped farmers to achieve more efficient use of water. With respect to the first component of the project, for the breakwaters at Negril, the environmental impact assessment had been completed, storm surges had been modelled and the breakwater design had been tested. However, an impasse had developed between the stakeholders and the matter was now before the national dispute mechanisms. A letter of complaint had also been lodged with the Adaptation Fund. As a way forward it was suggested that it might be useful to perform an environmental and social analysis to see if the needs of both groups could be addressed.

13. Faizal Issa, ForumCC, said that in Tanzania there had been project implementation delays because of the prolonged procurement process and the lack of adequate staff and proper coordination at both the IE and its executing entities. Civil society had also had difficulty cross-checking the information received from the executing entity because it could not access the project performance reports on the website of the Fund. His organization was recommending that the procurement processes should be integrated in project design and possibly identify the specific personnel responsible for project procurements. The secretariat should also make frequent, and timely, visits to project sites, and the country's project performance reports should be uploaded onto the website of the Fund. Civil society should then be allowed to provide its comments on them, and be part of the project's implementation team.

14. Bettina Koelle, Indigo development & change, said that while there had been good progress in implementing direct access, the challenge was that projects in a number of countries had experienced delays in implementation. The reasons for those delays varied; there was not just one cause. The reasons ranged from unexpected events to the time needed to comply with the regulations of the Adaptation Fund, as well as the fact that the projects were sometimes being implemented in complex environments. The NGO Network had started an analysis of the reasons for the delays and would hold a workshop on the subject just after COP21 to explore the issue in more depth. She also played a game with the Board to demonstrate the effects of bottlenecks in the implementation process. A scorecard had also been developed to allow input from civil society and was demonstrated to the Board. It would be shared with the implementing entities and executing entities for their feedback. The scorecard was demonstrated with examples taken from South Africa, and Ms. Koelle provided information on the progress of the project management unit (PMU) at uMgungundlovu District Municipality in South Africa, the small grants facility for enabling local level responses to climate change, and made a schematic presentation of the governance structure of the small grant facility.

15. In response to a query about what information was still required by civil society, the Board was informed that it was important to ensure the access by stakeholders to all the project

performance reports in order to cross check the information they received from the implementing entities. Civil society was also asked to consider the implications for a project when opposition to it subsequently developed, as had been the case at Negril. Projects were fixed at the time they were approved and it was difficult to engage in an iterative process of redesigning projects once they had been approved. The secretariat explained that due to the transition to a new website, some reports had inadvertently been omitted from transferal to the new website, and that this was already being corrected.

16. The representatives of civil society said that they had noted the comments of the Board and that they would be taken up at the workshop following COP21. It was also confirmed that the quick assessment scorecard would be filled in by civil society and then shared with the implementing entities. The criteria would be revised to take into account some of the ideas from the present meeting. With respect to the case of the dispute at Negril the Board was informed that once the project had been approved there had been a gap in the engagement with the stakeholders. A more sustained dialogue could have helped reduced the opposition now being faced.

17. The Chair said the Evaluation had shown that the Fund was a good and effective learning organization; whenever the Fund had seen the need to make changes it had done so. It would take the comments and concerns expressed by civil society seriously. He also said, with reference to the Cancun principles, that it appeared that there was consensus that the Fund had been effective on the ground with the projects; a link should be drawn between the review of the principles and the work being done at the practical level. Civil society had the material in front of it and could have made that link itself. In closing he thanked those members of civil society in attendance for their presentations.

ANNEX V

PROJECT AND PROGRAMME REVIEW COMMITTEE TERMS OF REFERENCE

1. The Project and Programme Review Committee (PPRC) shall be responsible for assisting the Board in tasks related to project/programme review in accordance with the Operational Policies and Guidelines for Parties to access resources of the Adaptation Fund (the OPG), and for providing recommendations and advice to the Board thereon.
2. In this regard, the PPRC shall:
 - a) Consider and review projects and programmes submitted to the Board by eligible Parties in accordance with the OPG;
 - b) Address issues arising from projects and programmes submitted to the Board, including outstanding policy issues;
 - c) Review the project/programme performance reports (PPRs) submitted by accredited implementing entities in accordance with the OPG, with the support of the secretariat; report and make recommendations to the Board on project and programme approval, cancellation, termination, suspension and on any other matter under its consideration; and
 - d) Consider any other matter the Board deems appropriate.
3. Representatives from accredited implementing entities may be invited by the Chair of the PPRC to attend the meetings in order to explain details of the projects and programmes before the PPRC and provide information to assist in the deliberations.
4. The PPRC, in consultation with the Board Chair, may require assistance and/or advice from experts in the performance of its functions;

ETHICS AND FINANCE COMMITTEE

TERMS OF REFERENCE

1. The Ethics and Finance Committee (EFC) shall be responsible for providing advice to the Board on issues of conflict of interest, ethics, finance and audit.
2. In this regard, the EFC shall:
 - a) Develop, for approval by the Board, a draft Code of Conduct for the implementation of section VII of the Rules of Procedure in order to protect Board members and alternates and the staff of the secretariat from conflict of interest in their participation, identifying cases of conflict of interest and the related procedures;
 - b) Oversee the implementation of the Code of Conduct and address differences in its interpretation as well as consequences of breach of the Code of Conduct;
 - c) Review and provide advice on the budget for the operating expenses of the Board, secretariat and trustee;
 - d) Advise the Board on overall resource mobilization policy and approach, including recommendations from the trustee with respect to monetization of CERs and receipt of contributions from other sources;
 - e) Review the financial statements of the Fund;
 - f) Review the performance of the Fund and its accredited implementing entities, making use of both internal and external evaluations and reports from implementing entities and other sources, as appropriate;
 - g) Address issues concerning monitoring and evaluation at the Fund level; including the Annual Performance Report of the Fund, and other matters in accordance with the Operational Policies and Guidelines for Parties to Access resources from the Adaptation Fund;
 - h) Oversee the activities of the secretariat involving recruitment and procurement of services and other activities related to the area of responsibility of the Committee;
 - i) Oversee the activities of the trustee in areas relevant to the responsibility of the Committee;
 - j) Consider any other matter the Board deems appropriate.
3. The EFC, in consultation with the Board Chair, may require assistance and/or advice from experts in the performance of its functions;
4. When the matter under discussion so requires, the trustee will attend the meetings of the EFC.