



ADAPTATION FUND

AFB/B.27/2
25 February 2016

Adaptation Fund Board
Twenty-seventh Meeting
Bonn, Germany, 17–18 March 2016

ANNOTATED PROVISIONAL AGENDA

1. Opening of the meeting

The meeting will be opened by the outgoing Chair of the Adaptation Fund Board, Mr. Hans Olav Ibrekk (Norway, Western European and Other States).

2. Election of the Chair

Document: none.

Background: As per Board's usual practice of rotation among United Nations geographical regions, the Asia-Pacific constituency has nominated Mr. Naresh Sharma (Nepal, Least Developed Countries) as candidate for the Chairmanship.

Action expected: The Board will be invited to elect its Chair for its period of office starting at the twenty-seventh meeting.

3. Transition of the Chair and the Vice-Chair

Document: none.

Background: The Board at its twenty-sixth meeting decided to appoint Mr. Michael Kracht (Germany, Western European and Other States) as Vice-Chair for the period of office starting at the twenty-seventh meeting.

Action expected: The outgoing Chair will hand over the Board Chairmanship to the incoming Chair and Vice-Chair.

4. Organizational matters:

a) *Adoption of the agenda:*

Documents: AFB/B.27/1/Rev.1, Provisional agenda and AFB/B.27/2, Annotated provisional agenda.

Action expected: The Board will be invited to adopt the agenda of the meeting and to raise any other matters it may wish to discuss, to be included on the agenda under item 18.

b) Organization of work:

Document: AFB/B.27/2, Annotated provisional agenda.

Background: The Chair will propose to the Board the organization of work, in accordance with the Provisional timetable attached to document AFB/B.27/2.

5. Report on activities of the outgoing Chair

Document: None.

Background: The outgoing Chair of the Board, Mr. Hans Olav Ibrekk, will report on the activities carried out during the intersessional period.

Action expected: The Board will be invited to take note of the report.

6. Report on activities of the secretariat

Document: AFB/B.27/3, Report on the activities of the secretariat.

Background: The Manager of the secretariat will present the report contained in the above mentioned document.

Action expected: The Board will be invited to take note of the report.

7. Report of the Accreditation Panel

Document: AFB/B.27/4, Report of the Accreditation Panel.

Background: The Chair of the Accreditation Panel, Ms. Yuka Greiler (Switzerland, Western European and Other States), will present the Panel's report to the Board. The report contains recommendations on the accreditation of implementing entities and other issues related to the accreditation process.

Action expected: The Board will be invited to consider and adopt the recommendations of the Panel.

8. Report of the eighteenth meeting of the Project and Programme Review Committee (PPRC) on:

Document: the PPRC will issue its report after its eighteenth meeting, which will take place on 15-16 March 2016.

Background: The Chair of the PPRC, Mr. Yerima Peter Tarfa (Nigeria, African Group), will present the PPRC report to the Board. The report contains recommendations on:

- a) Funding for proposals under the pilot programme for regional activities;
- b) Overview of project/programme proposals received for consideration;
- c) Issues identified during project/programme review;
- d) Project/programme proposals.

Action expected: The Board will be invited to consider and adopt the recommendations of the PPRC.

9. Report of the eighteenth meeting of the Ethics and Finance Committee (EFC) on:

Document: the EFC will issue its report after its eighteenth meeting, which will take place on 15-16 March 2016.

Background: The Chair of the EFC, Ms. Tove Zetterström-Goldmann (Sweden, Western European and Other States), will present the EFC report to the Board. The report contains recommendations on the following issues considered by the EFC:

- a) Evaluation of the Fund;
- b) Effectiveness and efficiency of the accreditation process;
- c) Gender policy and action plan;
- d) Report on direct project services;
- e) Complaint handling mechanism;
- f) Implementation of the code of conduct;
- g) Financial issues.

Action expected: The Board will be invited to consider and adopt the recommendations of the EFC.

10. Report of the Resource Mobilization task force

Document: None.

Background: The Resource Mobilization task force will meet in the margins of the Board and Committees meetings to advance implementation of the Board resource mobilization strategy and consider any necessary updates.

Action Expected: The Board will be invited to consider the report of the Resource Mobilization task force.

11. Report of the portfolio monitoring mission to Argentina and Uruguay

Document: AFB/B.27/5, Report of the portfolio monitoring mission in Argentina and Uruguay.

Background: The secretariat conducts missions to projects/programmes under implementation to collect and analyze lessons learned through its portfolio. In November 2015 the secretariat visited the direct access projects “Enhancing the Adaptive Capacity and Increasing Resilience of Small-scale Agriculture Producers of the Northeast of Argentina” implemented by UCAR (the NIE for Argentina), and “Helping Small Farmers Adapt to Climate Change” implemented by the ANII (the NIE for Uruguay). Document AFB/B.27/5 contains the report of the portfolio monitoring mission.

Action Expected: The Board will be invited to consider the report presented by the secretariat.

12. Issues remaining from the twenty-sixth meeting:

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

Document: AFB/B.27/6, Strategic discussion on objectives and further steps of the Fund: Potential linkages between the Fund and the Green Climate Fund.

Background: At its twenty-fourth meeting the Board requested the secretariat to prepare a document containing elements on potential linkages of the Fund with the Green Climate Fund (GCF), for consideration during the intersessional period between its twenty-fourth and twenty-fifth meetings. The secretariat produced document AFB/B.24-25/1, Potential linkages between the Adaptation Fund and the Green Climate Fund, which builds upon the options outlined in document AFB/B.20/5, Strategic prospects for the Adaptation Fund, discussed at the twentieth Board meeting in March 2013. Document AFB/B.24-25/1 analyzed in particular two scenarios: (a) establishment of an operational linkage with the GCF, through either accreditation or an ad hoc agreement or memorandum of understanding; and (b) institutional integration between the two funds. By decision B.24-25/9 the Board decided to request the secretariat to further assess: (i) the potential for the Fund to apply as a financial intermediary of the GCF; and (ii) the feasibility of entering into some form of memorandum of understanding or legal agreement under which the Fund

could programme GCF funds; and present its conclusions to its twenty-fifth meeting. Following the presentation by the secretariat at its twenty-fifth meeting, the Board decided to request the secretariat, in consultation with the trustee, as appropriate, to prepare a document for consideration by the Board at its twenty-sixth meeting containing further legal, operational, and financial analysis on the implications of various linkages with the GCF. As requested, the secretariat presented document AFB/B.26/5 containing an analysis of the legal, operational, and financial implications of the options for potential linkages with the GCF outlined in decision B.24-25/9, based on the available GCF documentation, at its twenty-sixth Board meeting. Following consideration of this document, the Board decided to 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 twenty-seventh meeting (decision B.26/38). COP 21 decided to encourage the GCF Board to improve complementarity and coherence with other institutions, per paragraphs 33 and 34 of the governing instrument of the Green Climate Fund.

Action expected: The Board will be invited to consider the information provided in document AFB/B.27/6.

b) Implementation of the readiness programme;

Document: AFB/AFB.27/7, *Readiness programme: Phase II progress report and proposal for fiscal year 2017.*

Background: The secretariat will report on implementation of phase II of the readiness programme established in 2013. The Conference of the Parties serving as meeting of the Parties to the Kyoto Protocol (CMP) recognized the readiness programme invited further support for it, and requested the Board to consider targeted institutional strengthening strategies for accreditation of national and regional implementing entities, in particular in least developed countries, as well as facilitated access for accredited NIEs (decision 2/CMP.10). Thus, the secretariat is proposing that the Board consider institutionalizing the readiness programme as a component of the secretariat budget.

Action expected: The Board will be invited to consider the progress report of phase II of the readiness programme and the proposal to institutionalize the programme contained in document AFB/B.27/7.

c) Proposal to modify the country cap

Document: AFB/B.27/8, *Analysis of the possible modification of the country cap.*

Background: This item was introduced in the agenda at the request of the outgoing Chair. The Board at its thirteenth meeting (April 2011) decided as a temporary measure to approve a cap of US\$ 10 million for each country funded (decision B.13/23). During the discussion that led to the cap establishment, some members expressed concerns in particular about the lack of consideration for the specific situation of certain groups of countries; and potential negative ramifications for the establishment of NIEs, where the funding cap may serve as a disincentive for countries that have already utilized the MIE modality to access funding. Another issue raised was how the cap would apply to regional projects, which at the time of this decision had not been considered for funding by the

Board.¹ After almost seven years of operations resulting in US\$ 318 million allocated to project/programme implementation in 50 countries, including 10 SIDS and 11 LDCs; 20 NIEs accredited of which 11 are implementing projects/programmes; and a regional pilot launched, the Board agreed to take stock on whether any modifications to the cap per country may be necessary. The Board at its twenty-sixth meeting requested the secretariat to prepare, for consideration by the Board at its twenty-seventh 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). Document AFB/B.27/8 contains such analysis.

Action expected: The Board will be invited to consider document AFB/B.27/8 and to make a decision on whether to modify the cap per country established by decision B.13/23.

13. Issues arising from the twenty-first session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP 21) and the eleventh session of the Conference of the Parties serving as meeting of the Parties to the Kyoto Protocol (CMP 11).

Documents: decisions 1/CP.21 and 1/CMP.11.

Background: The Conference of the Parties to the Convention at its twenty first session (COP 21) in its [decision adopting the Paris Agreement](#) (the Agreement) decided:

60. Recognizes that the Adaptation Fund may serve the Agreement, subject to relevant decisions by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement;

61. Invites the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol to consider the issue referred to in paragraph 60 above and make a recommendation to the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its first session;

Following adoption of the Agreement, [CMP 11 decided](#) to:

8. Recommends that the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement, at its first session, consider that the Adaptation Fund may serve the Paris Agreement, in accordance with paragraphs 60 and 61 of decision 1/CP.21;

9. Invites the Conference of the Parties, at its twenty-second session (November 2016), to request the Ad Hoc Working Group on the Paris Agreement to undertake the necessary preparatory work concerning the issue referred to in paragraph 8 above and to forward a recommendation to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol for its consideration and adoption no later than at its fifteenth session (November 2019);

¹ See [report of the 13th meeting of the Adaptation Fund Board](#), paragraph 66.

The paragraphs above establish a road map to follow for the Fund to become one of the financial institutions serving the Agreement. This process involves the CMP, the COP, and the Ad Hoc Working Group on the Paris Agreement (APA).

Another aspect of the Agreement that may be relevant to the Fund is the establishment of a market mechanism under Article 6

- The APA is tasked with the preparation for the entry into force of the Agreement and shall report to the COP on progress thereon.²
- Article 6 of the Agreement established a mechanism to contribute to the mitigation of greenhouse gases and support sustainable development for use by Parties on a voluntary basis. The mechanism shall aim to contribute to the reduction of emissions in the host Party and may be used by another Party to fulfill its nationally determined contribution (NDC).³
- A share of the mechanism proceeds shall be used *to assist developing country parties to meet that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation*.⁴
- The CMA at its first meeting shall adopt the rules, modalities and procedures for operationalizing the mechanism.⁵ Among the issues on which the CMA may base the mechanism rules is the *[e]xperience gained with and lessons learned from existing mechanisms and approaches adopted under the Convention and its related legal instruments*.⁶ The experience of the Fund in monetizing carbon assets from Kyoto Protocol mechanisms may be relevant for the operationalization of the market mechanism under article 6 of the Agreement.

Action expected: the Board will be invited to consider decisions 1/CP.21 and 1/CMP.11, including potential information to include in its next report to CMP12 that may be relevant for the implementations of the above mentioned decisions.

14. Communications and outreach

Document: AFB/B.27/3, *Report on the activities of the secretariat*.

Background: The secretariat will report on its communication efforts since the twenty-sixth meeting, including on events scheduled during the upcoming UNFCCC Subsidiary Bodies meetings.

Action expected: The Board will be invited to take note of the report and make any decisions as appropriate

15. Financial issues

- a) *Financial status of the trust fund and CER monetization:*

² Decision 1/CP.21, paragraphs 7-11.

³ Agreement, article 6.4.

⁴ *Id.*, article 6.6. This article reproduces article 12.8 of Kyoto Protocol (KP).

⁵ *Id.*, article 8.7.

⁶ Decision 1/CP.21, paragraph 38.

Documents: AFB/EFC.18/6, Adaptation Fund Trust Fund: financial report prepared by the trustee (as at 31 December 2015); AFB/B.27/Inf.4, Trustee presentation: Update on status of resources and CER monetization.

Background: The trustee will report on the financial status of the trust funds and the programme on CER monetization to the Board.

Action expected: The Board will be invited to consider and take note of the report.

16. Dialogue with civil society organization

Document: AFB/B.27/Inf.5, Agenda of the civil society dialogue.

The Board will hold another session of its ongoing dialogue with civil society organizations.

Action expected: the Board will take note of the conclusions of the dialogue.

17. Date and venue of meetings in 2016 and onwards

Background: The secretariat will inform about dates for upcoming Board meetings.

Action expected: The Board will be invited to confirm the meetings' schedule.

18. Other matters

Action expected: The Board will be invited to discuss any other matters raised during the adoption of the agenda.

19. Adoption of the report

Action expected: The Board will be invited to adopt the decisions approved at its twenty-seventh meeting. The report of the twenty-seventh meeting will be finalized by the Chair with assistance of the secretariat and adopted during the intersessional period.

20. Closure of the meeting.

PROVISIONAL TIMETABLE**Day 1: 17 March 2016***Morning Session*

9:00 – 9:30	1	Opening of the meeting
	2	Election of the Chair
	3	Transition of the Chair and Vice-Chair
	4 a)	Adoption of the agenda
	4 b)	Organization of work
9:30 – 9:45	5	Report of the Outgoing Chair
9:45 – 10:00	6	Report of the secretariat
10:00 – 10:30	7	Report of the Accreditation Panel
10:30 – 10:45		Coffee break
10:45 – 11:30	8	Report of the PPRC
11:30 – 12:45	9	Report of the EFC

Afternoon Session

14:00 – 14:45	16	CSO dialogue
14:45 – 15:45	12 a)	Potential linkages with GCF
15:45 – 16:00		Coffee break
16:00 – 17:00	13	COP21/CMP11 issues

Day 2: 18 March 2016*Morning Session*

9:00 – 9:30	12 b)	Readiness programme
9:30 – 10:15	12 c)	Proposal to modify the country cap
10:15 – 10:30		Coffee break
10:30 – 11:45	11	Report of mission to Argentina and Uruguay
11:45 – 12:15	10	Resource Mobilization report

Afternoon Session

14:00 – 14:45	18	Other matters
14:45– 15:00	14	Communications
15:00– 15:30	15	Financial issues
15:30 – 15:45	17	Dates of AFB meetings
15:45 – 16:00		Coffee break
16:00 – 17:00	19.	Adoption of the report.
	20.	Closure of the meeting