



ADAPTATION FUND

AFB/EFC.18/2
7 March 2016

Ethics and Finance Committee
Eighteenth Meeting
Bonn, Germany, 15-16 March 2016

PROVISIONAL AGENDA

1. Opening of the meeting

The outgoing Chair of the Ethics and Finance Committee (EFC), Ms. Irina Helena Pineda Aguilar (Honduras, Group of Latin American and Caribbean Countries), will open the meeting.

2. Transition of the Chair and the Vice-Chair

Ms. Pineda Aguilar will hand over the Chairmanship of the EFC to Ms. Tove Zetterström-Goldmann (Sweden, Annex I Parties). Ms. Zetterström-Goldmann will hand over the Vice-Chairmanship of the EFC to Ms. Patience Dampety (Ghana, Non-Annex I Parties).

3. Organizational matters:

a) *Adoption of the agenda*

Documents: AFB/EFC.18/1, Provisional agenda and AFB/EFC.18/2, Annotated provisional agenda.

Action expected: The EFC will be invited to adopt the agenda for the meeting and to raise any other matters it may wish to discuss. These other matters will be included on the agenda under item 11.

b) *Organization of work*

Documents: AFB/EFC.18/1, Provisional agenda and AFB/EFC.18/2, Annotated provisional agenda.

Background: The Chair will propose to the EFC the organization of work as suggested in the attached provisional timetable.

Action expected: The EFC will be invited to approve the organization of work as proposed by the Chair.

4. Evaluation of the Fund

Document: AFB/EFC.18/3, *Options for the second phase of the evaluation of the Fund.*

Background: Phase I of the overall evaluation of the Fund (process evaluation) was completed in 2015. The findings and recommendations of the evaluators were presented to the EFC at its seventeenth meeting (document AFB/EFC.17/3). Following the recommendation of the EFC, the Board at its twenty-sixth meeting decided to request the secretariat to prepare a management response to the evaluation phase I for consideration by the Board during the intersessional period, as well as options for conducting phase II of the evaluation (portfolio evaluation) for consideration by the EFC at its eighteenth meeting (decision B.26/30). The management response to phase I of the evaluation was approved by decision B.26-27/26. Document AFB/EFC.18/3 contains the options identified by the secretariat for conducting phase II of the evaluation, for consideration by the EFC. The options presented include: (1) implementation of phase II by an independent firm overseen by an Independent Review Panel (IRP); and (2) implemented by an independent firm overseen by the secretariat with quality assurance by the Global Environment Facility Independent Evaluation Office (GEFIEO).

Action expected: The EFC will be invited to consider the options presented by the secretariat in document AFB/EFC.18/3 and recommend to the Board the most suitable option for conducting phase II of the overall evaluation of the Fund.

5. Effectiveness and efficiency of the accreditation process

Document: AFB/EFC.18/4, *Effectiveness and efficiency of the accreditation process.*

Background: At its twenty-fifth meeting the Board requested the secretariat, in collaboration with the Accreditation Panel, to develop measures to enhance the efficiency and effectiveness of the accreditation process, integrating any relevant recommendations or observations from the overall evaluation (decision B.25/5). The secretariat presented a first draft of the proposal to the seventeenth meeting of the EFC (document AFB/EFC.17/4). At its twenty-sixth meeting, the Board decided to request the Panel and the secretariat to consider the relevant findings of the evaluation, finalize their work and present a draft for consideration by the EFC at its eighteenth meeting (Decision B.26/31). Document AFB/EFC.18/4 contains the final draft by the secretariat. It includes namely an accreditation timeline checklist and guidance for demonstrating compliance with fiduciary standards. Guidance on compliance with the environmental and social policy and, if approved by the Board, the gender policy, have yet to be finalized by the secretariat and Panel and it is proposed that they are considered intersessionally by the EFC.

Action expected: The EFC will be invited to consider and recommend to the Board for approval the proposal to enhance effectiveness and efficiency of the accreditation process as contained in document AFB/EFC.18/4.

6. Gender policy and action plan

Documents: AFB/EFC.18/5, *Draft gender policy and action plan*, and AFB/B.18/5/Add.1, *Gender policy: revised operational policies and guidelines for Parties to access resources from the Adaptation Fund*.

Background: The EFC at its seventeenth meeting considered a proposal of a gender policy presented by the secretariat following decision B.25/21. The Board decided to welcome the proposal and request the secretariat to present: (i) a revised proposal incorporating inputs received through a public call for comments, (ii) an action plan to operationalize the policy, (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. Document AFB/EFC.18/5 presents the revised gender policy and action plan as well as the compilation of the comments received by the secretariat. Document AFB/EFC.18/5/Add.1 presents draft amendments to the operational policies and guidelines for Parties to access resources from the Adaptation Fund (OPG), first step in order to operationalize the policy, if approved by the Board.

Action expected: The EFC will be invited to consider and recommend to the Board approval of the gender policy and action plan contained in document AFB/EFC.18/5, and of the amendments to the OPG contained in document AFB/EFC.18/5/Add.1.

7. Report on direct project services

Document: AFB/EFC.18/6, *Report on direct project services*.

Background: The Annual performance report for the fiscal year 2015 (APR FY15) (document AFB/EFC.17/6/Rev.1) presented by the secretariat at the eighteenth meeting of the EFC included a number of requests for direct project services, material changes in the project budget, and project extensions. Eleven of these twelve requests, submitted by the United Nations Development Programme (UNDP), implied reassigning funds for direct project services at the expense of the budget for concrete adaptation activities. Following discussion of the issues raised in APR FY15 at the EFC, the Board decided to request implementing entities (IE) that requests for direct project services be submitted to the secretariat before an agreement is signed between the IE and its executing entities for the provision of those services. For projects already approved, the request shall include justification of how the costs have been established and endorsement by the Designated Authority. The Board also requested the Chair to discuss this matter with UNDP at the appropriate level. Document AFB/EFC.18/6 contains the report of the meeting between the Chair and UNDP, with support of the secretariat.

Action expected: The EFC will be invited to consider the information presented in document AFB/EFC.18/6, including the recommendation by the secretariat in paragraph 9, which the EFC may want to recommend to the Board for approval.

8. Complaint handling mechanism

Under this agenda item the secretariat will brief EFC members about any issues brought to its attention under the complaint handling mechanism established by the Board. The EFC will make recommendations to the Board on any issues raised, as appropriate.

9. Implementation of the code of conduct

Under this agenda item EFC members can raise any issues related to the implementation of the code of conduct for deliberation by the EFC. The EFC will make recommendations to the Board on any issues raised, as appropriate. The code of conduct text is available on the Fund's website.

10. Financial issues:

a) *Investment income*

Document: AFB/EFC.18/10, *Investment income earned by implementing entities.*

Background: The Board at its twenty-fifth meeting discussed amending the project performance report (PPR) template so that implementing entities can report on the investment income generated by the Fund's project grants. Such amendment was approved by decision B.25-26/14. Further the Board requested the secretariat to write to implementing entities asking them to provide information on the investment income earned so far with the Fund's resources. The secretariat presented its findings to the seventeenth meeting of the Ethics and Finance Committee (EFC). Following a recommendation by the EFC, the Board at its twenty-sixth meeting requested the secretariat to present a compilation of the practice/operational rules followed by other funds regarding investment income earned by IEs and a proposal of guideline on investment income accrued by IEs for the Adaptation Fund (decision B.26/36). Document AFB/EFC.18/10 presents the compilation requested by the Board and raises some issues for consideration by the EFC.

Action expected: The EFC will be invited to consider the information presented by the secretariat in document AFB/EFC.18/10 and to make a recommendation for approval by the Board.

b) *Financial status of the Trust Fund and CER monetization*

Documents: AFB/EFC.18/7, *Adaptation Fund Trust Fund: Financial report prepared by the trustee (as at 31 December 2015)*, and 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 fund to the EFC.

Action expected: The EFC will be invited to consider and take note of the report presented by the trustee.

c) *Work Plan for the fiscal year 2017*

Document: AFB/EFC.16/5, Work plan for the fiscal year 2017.

Background: the secretariat will present the work plan proposal for fiscal year 30 June 2016 – 1 July 2017 (FY 17) for consideration by the EFC.

Action expected: the EFC will be invited to consider and recommend to the Board for approval the work plan for FY17.

d) *Board and secretariat, and trustee budgets for the fiscal year 2017*

Document: AFB/EFC.18/9, Administrative budgets of the Board and secretariat, and the trustee for the fiscal year 2017.

Background: the secretariat and the trustee will present the budget request for fiscal year 1 July 2016 – 30 June 2017.

Action expected: the EFC will be invited to consider and recommend to the Board for approval the Board, secretariat, and trustee's budgets for the fiscal year 2017.

11. Other matters

EFC members will be invited to discuss any other matters raised during the adoption of the agenda.

12. Adoption of the recommendations and report.

13. Closure of the meeting.

PROVISIONAL TIMETABLE**Day 1: 15 March 2016***Morning session*

9:00 – 9:30	1	Opening of the meeting
	2	Transition of the Chair and the Vice-Chair
	3 a)	Adoption of the agenda
	3 b)	Organization of work

9:30 – 10:15	5	Accreditation effectiveness & efficiency
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10:15 – 10:30	9	Implementation of the code of conduct
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10:30 – 10:45 Coffee break

10:45 – 11:30	6	Gender policy and action plan
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11:30 – 12:15	10.a)	Investment income
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Afternoon session

14:00 – 14:30	7	Direct project services
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14:30 – 15:15	4	Evaluation
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15:15 – 16:00	8	Complaint handling mechanism
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16:00 – 16:15 Coffee break

16:15 – 17:00	10.b)	Financial status of the trust fund
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Day 2: 16 March 2016*Morning session*

9:00 – 9:30	11	Other matters
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9:30 – 10:00	10.c)	Work plan FY 17
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10:00 – 10:45	10.d)	Budget FY 17
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10:45 – 11:00 Coffee break

15:30 – 17:00	12	Adoption of the report
	13	Closure of the meeting