



ADAPTATION FUND

AFB/B.27/10.Rev1
4 May 2016

ADAPTATION FUND BOARD

Twenty-seventh Meeting
Bonn, Germany, 17-18 March 2016

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

Introduction

1. The twenty-seventh meeting of the Adaptation Fund Board (the Board) was held at the 'Langer Eugen' United Nations Campus, in Bonn, Germany, from 17 to 18 March 2016, back-to-back with the eighteenth 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 website in document AFB/B.27/Inf.3/Rev.1.

Agenda Item 1: Opening of the meeting

4. The meeting was opened at 9.30 a.m. on Thursday, 17 March 2016, by the outgoing Chair, Mr. Hans Olav Ibrek (Norway, Western European and Others Group).

Agenda Item 2: Election of the Chair

5. The Adaptation Fund Board decided to elect:
 - a) Mr. Naresh Sharma (Nepal, Least Developed Countries) as the Chair of the Board;and

- b) Ms. Monika Antosik Kusmierczyk (Poland, Eastern Europe) as Vice-Chair of the Project and Programme Review Committee to replace Mr. Hugo Potti Manjavacas (Spain, Annex I Parties), following his resignation.

(Decision B.27/1)

Agenda Item 3: Transition of the Chair and the Vice Chair

6. Mr. Ibrekke handed over the Chairmanship to the incoming Chair, Mr. Sharma, who thanked Mr. Ibrekke for his service.

7. Mr. Sharma was joined by the Vice-Chair of the Board, Mr. Michael Jan Hendrik Kracht (Germany, Annex I Parties).

Agenda Item 4: Organizational matters

a) Adoption of the agenda

8. The Board considered the provisional agenda contained in document AFB/B.27/1/Rev.2, as well as the annotated provisional agenda and provisional timetable contained in document AFB/B.27/2.

9. A sub-item regarding a “dialogue with the Head of the Adaptation Fund Board secretariat and Global Environment Facility (GEF) CEO, Dr. Naoko Ishii” was proposed for consideration under Other Matters.

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

b) Organization of work

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

12. The Adaptation Fund Board decided to appoint Ms. Aida Velasco Munguira (Spain, Annex I Countries) as an alternate member of the Board to replace Mr. Hugo Potti Manjavacas following his resignation.

(Decision B.27/2)

13. The Chair welcomed Ms. Velasco Munguira, as well as other new Board members and alternates elected following the eleventh session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP11): Mr. David Kaluba (Zambia, Africa); Mr. Mirza Shawkat Ali (Bangladesh, Asia); Mr. Lucas di Pietro Paolo (Argentina, Latin America and the Caribbean); Ms. Monika Antosik Kusmierczyk (Poland, Eastern Europe); Mr. Antonio Navarra (Italy, Western European and Others Group), Mr. Naser Moghaddasi (Iran, Asia); and Ms. Ardiana Sokoli (Albania, Eastern Europe). The new members and alternates briefly introduced themselves.

14. The Chair also noted that there were three other new alternate members, Mr. Admasu Nebebe (Ethiopia, African Group); Ms. Ding Ding (China, Non-Annex I Parties); and Mr. Evans Njewa (Malawi, Least Developed Countries), who had been unable to attend the meeting.

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

- a) Mr. Aram Ter-Zakaryan (Armenia, Eastern Europe)
- b) Ms. Fatuma Mohamed HUSSEIN (Kenya, Non-Annex I Parties)
- c) Ms. Patience DAMPTEY (Ghana, Non-Annex I Parties)
- d) Mr. Ahmed Waheed (Maldives, Asia)
- e) Mr. Yerima Peter Tarfa (Nigeria, Africa)
- f) Ms. Ardiana Sokoli (Albania, Eastern Europe)

Agenda Item 3: Report on activities of the Chair

16. The outgoing Chair, Mr. Ibrekk, reported on the activities he had undertaken on the Board's behalf since the previous meeting. The main activities were associated with the twenty-first session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP21) and the eleventh session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP11), during which he had presented reports to CMP11 and the High Level Segment, made two interventions and participated in contact group discussions regarding the report of the Board. He had helped organize various side events, which had been well attended, and participated in a number of bilateral meetings with potential donors and supporters of the Fund and in information discussions on the outcome of the Paris meetings. Other activities during the period included ongoing discussions with colleagues regarding the Fund's relations with the Green Climate Fund (GCF) and the usual signature of agreements and payment requests, as well as the work required to resolve issues that arose during the period, most notably an issue relating to accreditation, which the Board would discuss during the present meeting.

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

Agenda Item 4: Report on the activities of the secretariat

18. The Manager of the secretariat reported on the activities of the secretariat during the intersessional period, more fully described in document AFB/B.27/3. She began by highlighting the outcome of the CMP11 and COP21 meetings in Paris. Most notably, decision 1/CP.21 put the Fund at the heart of the global response to climate change, and resource mobilization efforts undertaken during the meetings had raised US\$ 75.8 million for the Fund. The secretariat had supported the Chair in his efforts to promote the Fund during the meetings and had organized and participated in a number of events.

19. During the intersessional period, the secretariat had received and reviewed a large number of project proposals for consideration by the meeting. An increasing number of countries were at or nearing the US\$10 million funding cap. The secretariat had also issued a call for public comments on the draft gender policy during the intersessional period, and had prepared a final draft policy and an action plan that took into account the comments received.

20. With respect to the ongoing discussion on linkages with the GCF, the secretariat had continued interacting with the GCF secretariat in the areas identified by the Board to foster complementarity, namely accreditation, readiness support, results-based management and project

pipeline. The secretariat had also updated the document on linkages with the GCF taking into account the outcome of COP21.

21. The Manager of the secretariat noted that the Head of the Adaptation Fund Board secretariat and CEO and Chairperson for the GEF, Dr. Naoko Ishii, would participate in the Board meeting, and urged the Board members to take the opportunity for an open dialogue with her.

22. She then closed her report by introducing the secretariat staff hired during the intersessional period, Ms. Silvia Mancini, Operation Officer, who was in charge of coordinating the accreditation process, and Ms. Elizabeth (Ellie) George, who was temporarily replacing the Operations Associate in conference organization and administrative tasks. She also noted that the secretariat had recently moved to new offices on the seventh floor of 1899 Pennsylvania Avenue in Washington DC, together with the GEF and its independent evaluation office (GEF-IEO).

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

Agenda Item 5: Report of the twenty-first meeting of the Accreditation Panel

24. The new Chair of the Accreditation Panel (the Panel), Ms. Yuka Greiler (Western European and Others Group), introduced the report of the Panel's twenty-first meeting, held in Washington DC on 26–27 January 2016 (document AFB/B.27/4). She highlighted the subsequent intersessional decisions taken by the Board, on the Panel's recommendations, approving the accreditations of the Caribbean Development Bank (CDB) as the sixth regional implementing entity (RIE) (decision B.26-27/23) and Ethiopia's Ministry of Finance and Economic Development (MOFED) as the twenty-first national implementing entity (NIE) (decision B.26-27/24), as well as the re-accreditation of the International Fund for Agricultural Development (IFAD) as a multilateral implementing entity (MIE) (decision B.26–27/25).

25. At its twenty-first meeting, the Panel had received three new applications, reviewed three re-accreditation applications and continued to review the applications of eleven potential NIEs and two potential RIEs that required additional information for the Panel to continue the review of applications. By the time the report was finalized, the Panel had concluded the review of two applications for accreditation, and in both cases was recommending the accreditation of both entities as NIEs. The two cases were more fully described in Annexes I and II to the document AFB/B.27/4.

26. In addition to reviewing applications, the Panel had worked with the Secretariat to finalize a proposal on enhancing the effectiveness and efficiency of the accreditation process (document AFB/EFC.18/4). The final proposal, which included a timeline checklist and a guidance note, had been presented to the EFC at its eighteenth meeting. Two additional components of the guidance note, relating to gender and the environmental and social policy, would be submitted to the Board intersessionally.

27. The twenty-second meeting of the Panel was scheduled for 2-3 June 2016.

Completed cases

Partnership for Governance Reform (Kemitraan)

28. Having considered the recommendation by the Accreditation Panel, the Adaptation Fund Board decided to accredit the Partnership for Governance Reform (Kemitraan) of Indonesia as a National Implementing Entity.

(Decision B.27/3)

Accreditation of the Dominican Institute of Integral Development (IDDI) (Dominican Republic)

29. Having considered the recommendation by the Accreditation Panel, the Adaptation Fund Board decided to accredit the Dominican Institute of Integral Development (IDDI) of Dominican Republic as a National Implementing Entity.

(Decision B.27/4)

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

30. The Chair of the PPRC, Mr. Peter Tarfa, introduced the report of the PPRC's eighteenth meeting as contained in document AFB/PPRC.18/25. The PPRC had reviewed the reports of the secretariat on the funding status of the Adaptation Fund, and its initial screening/technical review of the projects and programme proposals, as well as the funding proposals made under the pilot programme for regional activities. Twelve single-country project and programme proposals had been considered, as well as six pre-concepts and two concepts submitted under the pilot programme. The Committee had also considered a request to change the budget and make a revision to the project in the Maldives being implemented by the United Nations Development Programme (UNDP), and at the request of the Chair of the Board at the Board's twenty-sixth meeting, had considered issues related to the pilot programme for regional projects and programmes. As a follow-up to decision B.25/15, it had discussed its experience with tracking changes to previous versions of proposals. The Committee had also selected Ms. Monika Antosik Kusmierczyk as interim Vice-Chair of the PPRC, pending her election by the Board.

Funding for proposals under the pilot programme for regional activities

31. During the discussion of the report of the PPRC, questions were raised about the recommendation of the Committee on the pilot programme. It was asked whether the option of providing more resources for the programme had also been discussed. It seemed unfair to some to discontinue the programme when the Fund was still accrediting new implementing entities. While the suggestion of the need for a pipeline if there were too many applicants was understood, that too would effectively close the programme to new applicants and their new proposals. Discontinuing the call for proposals would close the door to those proposals. If the call for proposals was to be discontinued, then a date had to be set for it to reopen. The Board should await the outcome of the discussion on its resources before taking such a decision. It was also suggested that even if the call for projects was discontinued, it should remain possible to award project formulation grants (PFGs) for proposals that were endorsed.

32. However, it was also pointed out that the pilot programme had only been created to fund a limited number of pilot projects. While the programme could be replicated and scaled-up based on the lessons learned, the Board had never intended to provide sufficient funding for all the projects proposed. The PPRC had discussed whether to close or discontinue the call for proposals and had considered: the limited scope of the programme, the demand for funding, the need for a better definition of what a regional programme was, and whether MIEs were using the programme to bundle together projects to get round their cap. In the end, it had only decided to recommend temporarily discontinuing the call so that the Board would have time to review the projects already before it. If the call remained open, then a pipeline would have to be created and political pressure would mount to clear that pipeline, as had been the case with the pipeline of projects proposed by MIEs.

33. The Board was reminded that the resources set aside for the pipeline had been set at US\$ 30 million and that from the surveys undertaken among the stakeholders it appeared that the demand for the programme exceeded US\$ 200 million, which was more than the current resources available to the Fund for funding projects. The Board had before it, for endorsement, the first concept presented under the programme, and it was likely that a fully-developed project would be presented to the Board for its approval at either its twenty-eighth or twenty-ninth meeting. Once project PFGs were awarded, it was expected that the proponents would develop fully-developed proposals, and if all the PFGs were awarded there would be ten fully-developed proposals for the Board to consider, which would undoubtedly have a combined value of more than the US\$ 30 million of funding available under the programme. However, the first approval of a fully-developed proposal would also trigger the application of paragraph (d) of Recommendation PPRC.18/1 of the PPRC's report, so that reopening the call for proposals could be reconsidered by the Board.

34. It was suggested that it would be useful to have a summary of the total amount of funding needed for the projects and programmes recommended for approval so that it would be clear to the board that the approvals would be within the amount of funding available. It would also be useful to have a more informative description of the projects in the report of the PPRC. It was suggested that the recommendation be modified to specify that the maximum amount for the programme was US\$ 30 million so that applicants would not be caught by surprise when they were subsequently told of the lack of funds available to fund all the applications.

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

- a) Continue consideration of regional project and programme proposals under the pilot programme, while reminding the implementing entities that the amount set aside for the pilot programme is US\$ 30 million;
- b) Request the secretariat to prepare for consideration by the Project and Programme Review Committee at its nineteenth meeting, a proposal for prioritization among regional project/programme proposals, including for awarding project formulation grants, and for establishment of a pipeline; and
- c) Consider the matter of the pilot programme for regional projects and programmes at its twenty-eighth meeting.

(Decision B.27/5)

Project/programme proposals

36. During the discussion on the sub-item on project/programme proposals, questions were also raised about the organization of the report and the way in which the deliberations of the PPRC were reported. It was pointed out that the same concerns seemed to have been raised for a number of proposals, leading the reader to think that the resulting recommendations, to either endorse or not endorse a concept, had been taken somewhat arbitrary. It was also asked whether some of the concerns expressed were really strong enough to merit not endorsing a concept and whether or not those concerns could be resolved by e-mail or telephone, or even addressed in the full proposal. It was important to remember that the report would be made public and that its recommendations had to be consistent.

37. Responding to questions on the respective matters, the Chair of the PPRC explained that when the proponent was submitting such a fully-developed proposal, it was requested to clearly analyse the full cost of adaptation reasoning for each of the components in question. He also said that once an implementing entity had been accredited, it was considered suitable to submit proposals to the Board, and that as countries had the free choice of implementing entities, it was not for the PPRC to object to that decision.

38. The representative of the secretariat explained the review process and said the secretariat produced a document describing: the proposals, their different components and the comments of the secretariat. In addition, there was a confidential document with the secretariat's recommendations to the PPRC. The PPRC based its recommendations to the Board on those documents. However, during the discussion of the recommendations the members were free to raise other concerns that were not directly linked to any particular recommendations before the PPRC, which were then captured in the PPRC's report.

39. The Board then approved the following decisions on the matters considered by the PPRC at its eighteenth meeting.

Concept proposals

Proposals from NIEs

Small-size proposal:

Federated States of Micronesia: Practical Solutions for Reducing Community Vulnerability to Climate Change in the Federated States of Micronesia (Project Concept; Micronesia Conservation Trust (MCT); FSM/NIE/Multi/2016/1; US\$ 1,000,000)

40. 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 Micronesia Conservation Trust (MCT) to the request made by the technical review;
- b) Suggest that MCT 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 a higher level of detail regarding the concrete activities that will be delivered by the project and should further demonstrate that they address the identified climate change threats;
 - (ii) The proposal should include a description of the specific types of economic, social and environmental benefits of the proposed project;
 - (iii) The proposal should describe how the proposed project meets relevant national standards;
 - (iv) The proposal should state any potential complementarity with relevant ongoing projects/programmes;

- (v) An initial consultative process has to take place at concept stage with key stakeholders such as representatives from communities, states and local governments;
- (vi) The proposal should explain specifically how the adaptation benefits will be sustained overtime;
- c) Not approve the Project Formulation Grant of US\$ 30,000; and
- d) Request MCT to transmit the observations under item (b) to the Government of the Federated States of Micronesia.

(Decision B.27/6)

Regular proposals

Antigua and Barbuda: McKinnon's Pond Watershed Restoration and Resilience project (Project Concept; Antigua and Barbuda Environment Department (ABED); ATG/NIE/Multi/2016/1; US\$ 10,000,000)

41. 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 Antigua and Barbuda Environment Department to the request made by the technical review;
- b) Suggest that the Antigua and Barbuda Environment Department 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 fully build the logic of the project, the proposal should strengthen the climate change rationale for the project, including by clearly indicating which climate change impacts are being addressed by the project components, possibly by combining the section titled "threats" and "barriers to action and adaptive capacity" linked with project components accordingly;
 - (ii) The proponent should consider strengthening the community-driven and community-owned components of this project to complement government action, and more clearly outline how it will engage and involve women and other marginalized groups;
 - (iii) The proposal should provide additional detail on the intended scope and specifically, the adaptation benefit/review criteria, of the micro-loan program, which will be in part capitalized with Adaptation Fund funds;
 - (iv) The adaptation benefit from changing practices in wastewater management is not directly clear. The proposal should clarify these activities, and consider addressing non-point sources of pollution;
- c) Not approve the Project Formulation Grant of US\$ 30,000; and

- d) Request Antigua and Barbuda Environment Department to transmit the observations referred to in sub-paragraph (b) to the Government of Antigua and Barbuda.

(Decision B.27/7)

Panama: Adapting to climate change through integrated water management in Panama (Project Concept; *Fundación Natura*; PAN/NIE/Water/2016/1; US\$ 9,952,121)

42. 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 *Fundación Natura* to the request made by the technical review;
- b) Request the secretariat to transmit to *Fundación Natura* the observations in the review sheet annexed to the notification of the Board's decision, as well as the following issues:
- (i) The full proposal should be more specific in explaining how the proposed activities address the impacts and risks caused by climate change and increase human and natural ecosystem resilience;
 - (ii) The full proposal should further identify and state compliance with relevant national standards, especially for activities delivering concrete results on the ground;
 - (iii) The full proposal should include an Environmental and Social Management Plan (ESMP) commensurate with the risks identified and in accordance with the project ESP categorization;
- c) Approve the Project Formulation Grant of US\$ 30,000;
- d) Request *Fundación Natura* to transmit the observations under item (b) to the Government of Panama; and
- e) Encourage the Government of Panama to submit through *Fundación Natura* a fully-developed project proposal that would meet the review criteria and address the observations under item (b) above.

(Decision B.27/8)

Proposals from RIEs

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)

43. 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 *Banque Ouest Africaine de Développement* (BOAD) to the request made by the technical review; and

- b) Encourage the Government of Guinea-Bissau to submit through BOAD a fully-developed project proposal.

(Decision B.27/9)

Peru: 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); PER/RIE/Rural/2015/1; US\$ 2,236,925)

44. 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 Banco de Desarrollo de America Latina (CAF) to the request made by the technical review;
- b) Request the secretariat to transmit to CAF the observations in the review sheet annexed to the notification of the Board's decision, as well as the following issue:
 - (i) In the development of the fully-developed proposal, it is recommended that the analysis of the full cost of adaptation reasoning be done for each component;
- c) Request CAF to transmit the observation under item (b) to the Government of Peru; and
- d) Encourage the Government of Peru to submit through CAF a fully-developed project proposal that would meet the review criteria and address the observations under item (b) above.

(Decision B.27/10)

Togo: Increasing the resilience of vulnerable communities in the agriculture sector of Mandouri in Northern Togo (Project Concept; *Banque Ouest Africaine de Développement* (BOAD; West African Development Bank); TGO/RIE/Agri/2016/1; US\$ 10,000,000)

45. 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 and show the causal relationship between outputs and outcomes for each project component and also identify activities leading to the outputs for each component. This should include a clear explanation of the interrelationship between the different hard infrastructure systems contributing to overall climate resilience of the target area and community;

- (ii) The proposal should clarify the extent and scale of hard infrastructure installation as this poses the greatest risk on project impacts. Initial consultation with licensing agencies and other environmental groups in this regard should be clearly shown;
 - (iii) A more comprehensive identification of project risks with due consideration of point (ii) above, should justify the project categorization in line with the environmental and social policy of the Adaptation Fund;
 - (iv) The revised proposal should clarify how the proposed micro-credit facility would not create barriers related to gender; and
- c) Request BOAD to transmit the observations under item (b) to the Government of Togo.

(Decision B.27/11)

Proposal from an MIE

Lao People's Democratic Republic: Enhancing the climate and disaster resilience of the most vulnerable rural and emerging urban human settlements in Lao PDR (Project Concept; United Nations Human Settlements Programme (UN-Habitat); LAO/MIE/DRR/2016/1; US\$ 4,500,000)

46. 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 United Nations Human Settlements Programme (UN-Habitat) to the request made by the technical review;
- b) Request the secretariat to transmit to UN-Habitat the observations in the review sheet annexed to the notification of the Board's decision, as well as the following issues:
 - (i) The full proposal should describe more precisely the role that the governments will play in developing and implementing the assets planned in component 3;
 - (ii) The full proposal should explain how settlements, communities and institutional level efforts will be articulated, and how synergies will be built between these efforts;
 - (iii) The full proposal should provide evidence that interests and concerns of the different ethnic minorities and indigenous people are taken into account in the proposal;
 - (iv) The full proposal should further explain the arrangements that will be made to ensure maintenance of the infrastructures;
 - (v) The full proposal should include an environmental and management plan (ESMP) to identify the environmental and social policy risks when an unidentified sub-project (USP) is recognized;

- c) Request UN-Habitat to transmit the observations under item (b) to the Government of Lao People's Democratic Republic; and
- d) Encourage the Government of the Lao People's Republic to submit through UN-Habitat a fully-developed project proposal that would meet the review criteria and address the observations under item (b) above.

(Decision B.27/12)

Fully-developed proposals

Proposal from an NIE

Regular proposal:

Peru: 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)

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

- a) Approve the project document, as supplemented by the clarification response provided by the *Fondo de Promoción de las Áreas Naturales Protegidas del Perú* (PROFONANPE) to the request made by the technical review;
- b) Approve the funding of US\$ 6,950,239 for the implementation of the project, as requested by PROFONANPE; and
- c) Request the secretariat to draft an agreement with PROFONANPE as the National Implementing Entity for the project.

(Decision B.27/13)

Proposal from an RIE

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\$ 9,911,000)

48. 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 related to compliance with the Environmental and Social Policy of the Fund:

(i) The fully-developed project document should ensure that the project activities will avoid conversion or degradation of critical natural habitats, including protected areas as described in the latest report of Niger to the Convention for Biological Diversity (2014);

(ii) The fully-developed project document should include an environmental impact assessment for a typical sub-project in one of the target areas, which would help in assessing typical risks related to those unidentified sub-projects, and revise the project's Environmental and Social Management Plan (ESMP) and Framework accordingly, including ensuring that the proposed mechanism is adequate; and

c) Request BOAD to transmit the observations under item (b) to the Government of Niger.

(Decision B.27/14)

Proposal from an MIE

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\$ 6,000,000)

49. 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 fully-developed project document should clarify how the project will ensure that homeowner and farmer beneficiaries could afford the implementation of risk reduction measures that are defined as a pre-requisite for benefitting from subsidized premiums;

(ii) The fully-developed project document should provide proof of consultation of the most vulnerable communities, including vulnerable farmers;

(iii) The proposal should clarify how the other relevant initiatives described in the document (including through United Nations Development Programme (UNDP), the World Bank, the German Society for International Cooperation (GIZ) and the European Union) are complementary to the project with a particular focus on the target areas;

- (iv) The proposal should demonstrate compliance with the 15 principles of the Environmental and Social Policy (ESP) of the Adaptation Fund, including provisions for an Environmental and Social Management Plan, environmental and social risks or impacts monitoring, public disclosure and grievance mechanism to be put in place for the project; and
- c) Request the World Bank to transmit the observations under item (b) to the Government of Albania.

(Decision B.27/15)

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

Pre-concepts:

Proposal from an RIE

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\$ 13,910,400)

50. 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 *Banco de Desarrollo de America Latina* (CAF) to the request made by the technical review;
- b) Request the secretariat to transmit to CAF the observations in the review sheet annexed to the notification of the Board's decision, as well as the following issue:
 - (i) As noted by the previous review of the pre-concept, it should consider and if possible, include the Chilean National Implementing Entity accredited by the Board, *Agencia de Cooperación Internacional de Chile* (AGCI), in the implementation arrangements of the project at the concept stage including for learning/experience building;
- c) Request CAF to transmit the observations under item (b) to the Governments of Chile and Ecuador; and
- d) Encourage the Governments of Chile and Ecuador to submit through CAF a project concept that would meet the review criteria and address the observations under item (b) above.

(Decision B.27/16)

Proposals from MIEs

Cambodia, the Lao People's Democratic Republic, Myanmar, Thailand, Viet Nam: Groundwater resources in Greater Mekong Sub-region: Collaborative management to increase resilience (Project

Pre-concept; United Nations Educational, Scientific and Cultural Organization (UNESCO); ASI/MIE/Water/2015/1; US\$ 4,542,250)

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 Educational, Scientific and Cultural Organization (UNESCO) to the request made by the technical review;
- b) Request the secretariat to transmit to UNESCO 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 be more specific on the pilots that will be carried out, providing details on the concrete activities on the ground and clarifying what "information-based measures" are;
 - (ii) Also, the concept document should provide more information on the existing climate monitoring systems in the Greater Mekong Sub-region, and explain how they would be used to complement the ground water monitoring systems that will be developed through the project;
 - (iii) The concept document should also elaborate on the synergies and complementarities that will be sought with other relevant regional initiatives;
 - (iv) In addition to the regional engagement, policies and cooperation at national and sub-national levels, including adaptation plans, should be also explored;
 - (v) The concept document should elaborate on the benefits to and roles of target groups, including gender groups, in the project;
 - (vi) The concept document should explain how the project will coordinate with the Mekong River Commission and how groundwater user organizations will be part of the implementation arrangements of the project;
- c) Request UNESCO to transmit the observations under item (b) to the Governments of Cambodia, the Lao People's Democratic Republic, Myanmar, Thailand and Viet Nam; and
- d) Encourage the Governments of Cambodia, the Lao People's Democratic Republic, Myanmar, Thailand and Viet Nam to submit through UNESCO a project concept that would meet the review criteria and address the observations under item (b) above.

(Decision B.27/17)

Colombia, Ecuador: Building adaptive capacity through food and nutrition security and peace-building actions in vulnerable Afro and indigenous communities in the Colombia-Ecuador border area (Project Pre-concept; World Food Programme (WFP); LAC/MIE/Food/2015/1; US\$ 14,000,000)

52. 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 World Food Programme (WFP) to the request made by the technical review;
- b) Request the secretariat to transmit to WFP 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 encourage an equitable involvement of local organisations of the two countries in the implementation arrangements;
- c) Approve the Project Formulation Grant of US\$ 20,000;
- d) Request WFP to transmit the observations under item (b) to the Governments of Colombia and Ecuador; and
- e) Encourage the Governments of Colombia and Ecuador to submit through WFP a project concept that would meet the review criteria and address the observations under item (b) above.

(Decision B.27/18)

The Comoros, Madagascar, Malawi, Mozambique: Building Urban Climate Resilience in South-eastern Africa (Project Pre-concept; United Nations Human Settlements Programme (UN-Habitat); AFR/MIE/DRR/2016/1; US\$ 15,088,553)

53. 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 United Nations Human Settlements Programme (UN-Habitat) to the request made by the technical review;
- b) Suggest that UN-Habitat 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 proponent should consider reducing the total number of activities and associated executing partners at the national, regional and municipal levels in order to be able to focus resources adequately;
 - (ii) The proponent should explain how the project responds to existing strategic and policy priorities in the participating countries, cities and towns;
 - (iii) The proponent should consider reducing the funding request in line with the indicative funding structure agreed for the Pilot Programme on Regional Projects/ Programmes; and
- c) Request UN-Habitat to transmit the observations under item (b) to the Governments of the Comoros, Madagascar, Malawi and Mozambique.

(Decision B.27/19)

Ethiopia, Kenya, Uganda: Agricultural Climate Resilience Enhancement Initiative (ACREI) (Project Pre-concept; World Meteorological Organization (WMO); AFR/MIE/Food/2015/2; US\$ 6,800,000)

54. 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 World Meteorological Organization (WMO) to the request made by the technical review; and
- b) Encourage the Governments of Ethiopia, Kenya and Uganda to submit through WMO a project concept for the Board's consideration.

(Decision B.27/20)

Kyrgyzstan, Tajikistan, Uzbekistan: Reducing vulnerabilities of populations in Central Asia region from glacier lake outburst floods in a changing climate (Project Pre-concept; United Nations Educational, Scientific and Cultural Organization (UNESCO); ASI/MIE/DRR/2015/1; US\$ 5,000,000)

55. 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 Educational, Scientific and Cultural Organization (UNESCO) to the request made by the technical review; and
- b) Encourage the Governments of Kyrgyzstan, Tajikistan and Uzbekistan to submit through UNESCO a project concept for the Board's consideration.

(Decision B.27/21)

Concept proposals

Proposal from an RIE

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

56. 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) Given that a number of other initiatives intersecting agriculture and adaptation are taking place in the region already, the concept should better explain what the gaps are that each proposed activity is aiming to fill;
- (ii) The proposal should briefly explain how the project would be aligned with the identified climate change adaptation and sustainable development related strategies and plans in each country;
- (iii) It appears the proponent has not conducted any consultations at the community level in two countries, Ghana and Togo for the purposes of this proposed project – it is necessary to do so even at the concept stage, and reflect the outcomes of the consultations in the proposal;
- (iv) The proponent should conduct a more robust environmental and social risk screening, in light of the Adaptation Fund Environmental and Social Policy, and assign the project a risk category;
- (v) The proponent should revise administrative costs of the proposal so that they remain below the limit of 20 per cent set for regional projects and programmes;
- c) Not approve the Project Formulation Grant of US\$ 80,000; and
- d) Request BOAD to transmit the observations under item (b) to the Governments of Benin, Burkina Faso, Ghana, Niger and Togo.

(Decision B.27/22)

Proposal from an MIE

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

57. 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 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) The proposal should further explain how the non-climatic factors identified will be addressed either through the project or other initiatives;
 - (ii) The fully-developed project document should provide more details on the estimated scope of activities under the project, especially the concrete adaptation actions and the small grants programme (SGP) under outputs 3.1 and 3.2 and 4.1;

- (iii) In relation with the SGP, the proposal should explain how it will seek complementarity with existing Global Environment Facility SGPs implemented in the countries covered by the project;
 - (iv) The fully-developed project document should be more explicit about the linkages between this and the project Planning for Resilience in East Africa through Policy, Adaptation Research and Economic Development (PREPARED) and the project Strengthening Institutions for Trans-boundary Water Management in Africa (SITWA);
 - (v) The fully-developed project document should demonstrate that a comprehensive consultation process has been undertaken, covering the target countries and sites, including key regional stakeholders;
 - (vi) Given the number of unidentified subprojects, the fully-developed project document should include the description of an environmental and social risks screening system for such subprojects and an environmental and social management plan for the whole project; and
 - (vii) The fully-developed project document should describe which role, if any, the Adaptation Fund National Implementing Entities in the target countries will play in the project;
- c) Approve the Project Formulation Grant of US\$ 80,000;
 - 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 fully-developed project document that would meet the review criteria and address the observations under item (b) above.

(Decision B.27/23)

Experience gained by the PPRC in operationalizing decision B.25/15 (tracking changes made to previous versions of proposals)

58. Having considered the comments and recommendation of the Project and Programme Review Committee, the Adaptation Fund Board decided to request the secretariat to provide to proponents, for harmonization purposes, with technical guidance on the tracking of changes in the proposals.

(Decision B.27/24)

Request for project revision and budget change: UNDP (Maldives)

59. Having considered the comments and recommendation of the Project and Programme Review Committee, the Adaptation Fund Board decided to approve revised project document for the project "Increasing climate resilience through an Integrated Water Resource Management Programme in HA. Ihavandhoo, ADh. Mahibadhoo and GDh. Gadhdhoo Island", as requested by the

United Nations Development Programme (UNDP), including the budget changes made in that document.

(Decision B.27/25)

Agenda Item 9: Report of eighteenth meeting of the Ethics and Finance Committee

60. Ms. Tove Zetterström-Goldmann (Sweden, Annex I Parties), Chair of the EFC, presented the report of the EFC (AFB/EFC.18/12). The Board then approved the following decisions on the matters considered by the EFC at its eighteenth meeting.

a) Evaluation of the Fund

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

- a) Initiate the second phase of the evaluation of the fund, drawing upon its first phase:
 - (i) Establish an evaluation task force comprised of Ms. Fatuma Mohamed Hussein (Kenya, non-Annex I Parties), Mr. Marc-Antoine Martin (France, WEOG) and Mr. Philip S. Weech (Bahamas, GRULAC) to work intersessionally, supported by the secretariat, to develop terms of reference and a request for proposals for the second phase of the evaluation of the Adaptation Fund with inputs from civil society organizations through the AF NGO network and in coordination with independent evaluation organizations (including the Global Environment Facility Independent Evaluation Office (GEF-IEO)) for quality assurance and present them to the nineteenth meeting of the EFC;
 - (ii) Request the secretariat to further investigate the availability of the previous Independent Review Panel members and continue discussions with the GEF-IEO, and to present updated options for the second phase of the evaluation of the Fund to the nineteenth meeting of the EFC; and
- b) Request the secretariat to prepare options for providing the Fund with an evaluation function, building upon previous work related to the evaluation framework of the Fund, for consideration at the nineteenth meeting of the EFC.

(Decision B.27/26)

b) Effectiveness and efficiency of the accreditation process

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

- a) Approve the proposal to enhance the effectiveness and efficiency of the accreditation process, as contained in document AFB/EFC.18/4;
- b) Request the secretariat to:
 - (i) Finalize the guidance notes on the environmental and social policy and gender policy, for consideration by the Board during the intersessional period;

- (ii) Publish the accreditation timeline checklist and the guidance notes for the accreditation process on the website of the Adaptation Fund;
- (iii) Communicate the approved accreditation timeline checklist and guidance notes to the Designated Authorities and implementing entities; and
- (iv) Translate the guidance documents into the official languages of the United Nations.

(Decision B.27/27)

c) Gender policy and action plan

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

- (a) Approve:
 - (i) The gender policy as contained in annex I of document AFB/EFC.18/5/Rev.1;
 - (ii) The gender action plan as contained in annex II of document AFB/EFC.18/5/Rev.1; and
 - (iii) The amendments to the main text of the operational policies and guidelines for Parties to access resources from the Adaptation Fund (the OPG) and annex 3 to the OPG, as contained in document AFB/EFC.18/5/Add.1; and
- (b) Request the secretariat to revise annex 4 to the OPG taking into account comments submitted by members of the Board by 30 June 2016 for consideration by the EFC at its nineteenth meeting.

(Decision B.27/28)

d) Report on direct project services

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

- a) Reiterate its request that Requests for Direct Project/programme Services (RDPS) be submitted to the secretariat before an agreement is signed between the implementing entity and the government or executing entity for the provision of those services, with an understanding that analysis of the requests may suggest alternative conclusions, such as revising the project to avoid direct services, or contracting such services to a third party;
- b) Request the secretariat to include the provision under a) above in the template project agreement between the Board and the implementing entity;
- c) Request the Accreditation Panel to take those issues into account when deliberating on the reaccreditation of an implementing entity; and

- d) Request the Evaluation Task Force to include an analysis of the RDPS received by the secretariat from implementing entities in the terms of reference for the second phase of the evaluation of the Fund.

(Decision B.27/29)

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

- a) Approve, on an exceptional basis, in order to avoid putting the project in jeopardy, the provision by the United Nations Development Programme (UNDP) of Direct Project Services up to the amount of US\$ 82,471 for the project in Turkmenistan; and
- b) Request UNDP to highlight, in its forthcoming Project Performance Reports, the ways in which the provision of direct project services had helped strengthen the capacity of the national executing entity.

(Decision B.27/30)

e) *Complaint handling mechanism*

66. Having considered the comments and recommendation of the Ethics and Finance Committee (EFC), the Adaptation Fund Board decided to request the secretariat to prepare a note on possible courses of action to address the complaints related to implementing entities and report back to the nineteenth meeting of the EFC.

(Decision B.27/31)

g) *Financial issues*

Investment income earned by Implementing Entities (IEs)

67. Having considered the comments and recommendation of the Ethics and Finance Committee (EFC), the Adaptation Fund Board decided to request the secretariat to hold further discussions with the trustee on a proposal on the best approach to deal with the interest generated by implementing entities on amounts held in respect of project grants and to report back to the nineteenth meeting of the EFC.

(Decision B.27/32)

Work plan for the fiscal year 2017

68. Having considered the comments and recommendation of the Ethics and Finance Committee (EFC), the Adaptation Fund Board decided to approve the work plan and the tentative work schedule contained in document AFB/EFC.18/8, subject to approval by the Board of the readiness programme proposal contained in document AFB/B.27/7.

(Decision B.27/33)

Board and secretariat, and trustee budgets for the fiscal year 2017

69. Having considered the comments and recommendation of the Ethics and Finance Committee (EFC) and the information contained in document AFB/EFC.18/9, the Adaptation Fund Board decided to:

- a) Note the explanations by the secretariat regarding:
 - (i) The personnel cost increase due to the need to hire a temporary replacement for the Operations Associate, as well as the need to convert two non-renewable positions into GE term contracts, in order to ensure the provision of adequate secretariat services to the Board;
 - (ii) The increased costs of the Board meetings charge due to the fee for the usage of common conference rooms in the United Nations Campus Bonn; and
 - (iii) The increased costs in office space in the fiscal year 2016 as a result of the unavoidable move of the secretariat offices to a new building where the lease cost is lower resulting in a net saving in the office space cost in the fiscal year 2017;
- b) Approve, from the resources available in the Adaptation Fund Trust Fund:
 - (i) The revised proposal contained in annex III to the present report, including **US\$4,522,837** to cover the costs of the operations of the Board and secretariat over the period 1 July 2016 to 30 June 2017, comprising **US\$ 3,042,337** for the secretariat administrative services (the main secretariat budget), **US\$ 400,000** for the overall evaluation (phase II), **US\$ 464,000** for accreditation services and **US\$ 616,500** for the Readiness Programme; and
 - (ii) The proposed budget of **US\$ 669,000** for trustee services to be provided to the Adaptation Fund over the period 1 July, 2016 to 30 June, 2017.

(Decision B.27/34)

*Other matters**Pending recommendations included in the overall evaluation (phase I)*

70. Having considered the comments and recommendation of the Ethics and Finance Committee (EFC), the Adaptation Fund Board decided to include, in the agenda of its twenty-eighth meeting, an item on the pending recommendations arising out of the first phase of the overall evaluation of the Adaptation Fund.

(Decision B.27/35)

Agenda Item 10: Report of the Resource Mobilization Task Force

71. 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. The outcome in Paris had been positive, with the Fund included in decision adopting the Paris Agreement and the resource mobilization target 90 per cent achieved. The task force members felt that the Fund should take advantage of the positive Paris

outcome and the push for scaled-up funding for adaptation to reach out to new, non-traditional donors. It was noted, however, that active fundraising would require the secretariat to invest more resources or create a stand-alone fundraising team. The task force felt that having a fund-raising target was key to achieving good results, and recommended a target of US\$ 80 million that could then be gradually increased over time. The task force had considered a number of options for making the fund relevant, including growing the project pipeline to justify increased funding by donors, raising the country and MIE caps and making access to the Fund's resources more efficient; however, it was noted that the question of raising the caps had been discussed by the Board under another agenda item, and that access to the Fund's resources appeared to be quite efficient due to intersessional decision-making. Finally, it was reported that an analysis of the potential for income from Certified Emission Reductions (CERs) and contributions from the International Civil Aviation Organisation and the International Maritime Organisation was being prepared by civil society organizations, and the analysis might be completed prior to the next Board meeting.

72. Having considered the report and recommendations of the Resource Mobilization Task Force, the Adaptation Fund Board decided to:

- a) Request the secretariat to prepare, in collaboration with the Resource Mobilization Task Force, an updated resource mobilization strategy, to be presented to the Board at its twenty-eighth meeting;
- b) Set a new resource mobilization target of US\$ 80 million per year for the biennium 2016-2017; and
- c) In order to update the composition of the task force set up by decision B.25/1, appoint the following new members of the task force, to replace members that had left:
 - (i) Mr. Antonio Navarra (Italy, Western European & Others Group), who would replace Mr. Michael Kracht as a co-coordinator of the task force;
 - (ii) Mr. Aram Ter-Zakaryan (Armenia, Eastern Europe); and
 - (iii) Mr. Lucas di Pietro Paolo (Argentina, Group of Latin American & Caribbean Countries).

(Decision B.27/36)

Agenda Item 11: Report of the portfolio monitoring mission to Argentina and Uruguay

73. The representatives of the secretariat presented the report of the Portfolio Monitoring Mission to Argentina and Uruguay as contained in document AFB/B.27/5, and said, with respect to the lessons learned, that there had been a learning curve for both NIEs with respect to accreditation and the identification of projects. Although the two NIEs had very different mandates, the fact that they were delivering ground-level adaptation actions demonstrated the effectiveness of the country driven approach and showed that having a strong executing entity with a clear strategy facilitated the supervisory role of the implementing entities.

74. During the discussion that followed, it was pointed out that the monitoring missions were important for evaluating how the work was being carried out on the ground, and that it would be useful for Board members from within the region to participate in them if possible. It would also be useful to know the composition of the teams involved in the mission, and whether the team members

were representatives of the implementing agencies or the designated authority, or other individuals who added value to the monitoring mission.

75. In response to specific questions raised by members and alternate members of the Board, the representatives of the secretariat explained that the insurance scheme in Uruguay was based on the normalized difference vegetation index (NDVI) which measured biomass with satellite photographs. When those photographs indicated that biomass stress had reached a given threshold, the insurer paid out compensation. The programme was being piloted by a national insurance company, which had enrolled several farmers in a pilot project that would be scaled up later. The revolving funds involved a portion of the funding to be retained by a farmers' cooperative group for later use. In Argentina, the weather-based index insurance was innovative, and a feasibility study was being undertaken to identify the agro-meteorological stations that would help to define a suitable index to be used by the system. In Argentina, it was not just climate data that was being collected but also agricultural data. The data would be collected through a public network and then shared in Spanish, so that there did not appear to be any language barriers to its use.

76. The representative of the secretariat also said that while both projects had experienced delays in implementation, both were now moving forward. The project in Argentina had started in 2013, and a request had been made for an eighteen month extension of the completion date. Its mid-term report was now being prepared; the mid-term report for the project in Uruguay was also being finalized.

77. The Adaptation Fund Board took note of the report of the portfolio monitoring mission to Argentina and Uruguay contained in document AFG/B.17/5.

Agenda Item 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*

78. The representative of the secretariat presented the Strategic Discussion on objectives and further steps of the Fund: Potential linkages between the Fund and the GCF, as contained in document AFB/B.27/6. He also reminded the Board that in decision 7/CP.21, the Conference of the Parties had encouraged the GCF Board to improve its complementarity and coherence with other institutions, per paragraphs 33 and 34 of the governing instrument of the GCF, including by engaging with relevant bodies of the Convention, such as the Standing Committee on Finance.

79. The GCF representative, Ms. Stephanie Kwan, reported on the twelfth meeting of the GCF Board, which had taken place in Songdo, South Korea between 8 and 10 March 2016. She said that the GCF Board had requested its secretariat to prepare a document for consideration at its thirteenth meeting that would outline the GCF's approach to ensure complementarity and coherence with other institutions, in accordance with paragraphs 33 and 34 of the governing body instrument of the GCF and relevant guidance from the Conference of the Parties. To date the agenda item had not been taken up, but she assured the Adaptation Fund Board that it was in the work plan for 2016.

80. In the discussion that followed the Board found it important for its Chair, Vice-Chair and secretariat to continue to consult with the GCF on potential linkages between the two Funds.

81. Having considered document AFB/B.27/6 and the update provided by the secretariat, the Adaptation Fund Board decided to request:

- a) The Chair and Vice-Chair to continue consultations with the Co-Chairs of the Green Climate Fund (GCF) on potential linkages between the Adaptation Fund and the GCF; and
- b) The secretariat to:
 - (i) Continue its collaboration with the GCF secretariat on the issues identified in decision B.25-26; and
 - (ii) Update document B.27/6 with the outcome of those discussions for consideration at the twenty-eighth meeting of the Board.

(Decision B.27/37)

b) Implementation of the Readiness Programme

82. The representative of the secretariat presented the Readiness Programme: phase II progress report and proposal for fiscal year 2017 as contained in document AFB/B.27/7, and outlined the four main activities to be undertaken during phase-two of the programme. He also noted the increase in the number of NIEs and RIEs accredited by the Fund, project proposals being submitted by NIEs, and the partnerships built with other organizations since the readiness programme was launched. The Readiness Programme had helped increase the visibility of the Fund and had positioned it as a thought leader in climate finance readiness. The effectiveness of the programme had also been acknowledged by parties to the Kyoto Protocol in decision 1/CMP.11. Therefore, the secretariat was proposing that the Readiness Programme be institutionalized as a standing feature of the Fund.

83. The Board expressed their support for the readiness programme and noted with appreciation, the significant role it played in building the capacity of implementing entities to access resources from the Fund as well as develop quality projects and programmes. Members asked how the readiness programme budget will be reflected in the overall budget of the Board and secretariat.

84. Concern was raised on whether institutionalizing the readiness programme could result in funds being diverted from support to projects and programmes. It was therefore suggested that the Resource Mobilization Taskforce continue its efforts to seek donor support and that the readiness programme also take advantage of opportunities for collaboration with other organizations involved in similar activities by seeking closer cooperation with them. Organizations such as the GEF, the Adaptation Committee, the GCF, UNEP, and the UNDP were identified as possible partners for such close cooperation. It was also suggested that the programme should be linked to the National Adaptation Plans (NAPs) and the National Adaptation Programmes of Action (NAPAs) so that the projects and programmes being supported would be better aligned with national priorities. Lastly, the secretariat was encouraged to notify Board members of any upcoming events so that they could participate if they wished to do so.

85. The manager of the secretariat explained that while the readiness budget would be a standing feature of the secretariat budget, it would be reflected in the overall budget as a separate budget component for ease of distinguishing between activities funded under the programme and activities drawing from the main secretariat budget. She also explained that the budget was split between the budget managed by the secretariat and the budget managed by the trustee as some elements of the readiness programme were activities requiring direct transfers from the trustee to the implementing entity, such as small grants for capacity building and compliance with the Fund's environmental and social policy. Regarding the issue of NAPs and NAPAs, the Manager of the secretariat stated that

the secretariat did not have a mandate to support NAPs or NAPAs directly, but the Fund had indirectly supported them through its projects and programmes review process in which alignment of proposals to the country's NAPs and NAPAs, where they existed, was always strongly recommended.

86. The representative of the secretariat explained that project formulation assistance (PFA) grants would be awarded once the secretariat, under the guidance of the PPRC, had developed the criteria for their allocation and disbursement. The Board was also reminded that PFA grants were additional financing beyond the regular project formulation grant (PFG) of US\$ 30,000 that is approved at the time of concept endorsement. The PFA grants were meant to support NIEs that needed to undertake a specific technical assessment such as an environmental impact assessment (EIA) or vulnerability assessment.

87. The readiness programme proposal for FY17 proposed a total budget for the programme of US\$ 1,206,500 comprising of US\$ 616,500 to be managed by the secretariat and US\$ 590,000 for management by the trustee for direct transfers to implementing entities.

88. Having considered document AFB/B.27/7, the Adaptation Fund Board decided to:

- a) Take note of the progress report for phase II of the Readiness Programme;
- b) Integrate the Readiness Programme into the Adaptation Fund work plan and budget; and
- c) Approve the proposal for the Readiness Programme for the fiscal year 2017 (FY17), comprising its work programme for FY17 with the funding of US\$ 616,500 to be transferred to the secretariat budget and US\$ 590,000 for direct transfers from the resources of the Adaptation Fund Trust Fund for allocation as small grants.

(Decision B.27/38)

c) *Proposal to modify the country cap*

89. The representative of the secretariat presented the analysis of the possible modification of the country cap as contained in document AFB/B.27/8, which had been prepared pursuant to decision B.26/39. He said that at the time of its preparation, 153 countries had been eligible to apply to the Fund, among which 45, or 29.4 per cent of those eligible, had received funding for approved concrete climate-change adaptation projects; 17 of those had accessed over US\$ 8 million in funding from the Fund. He said that there were four options being proposed to address the country cap: maintaining the status quo or increasing the country cap by US\$ 5 million, US\$ 10 million or US\$ 20 million. It might also be possible to create a threshold for the countries by requiring them to have received approval of funds worth at least US\$ 8 million before applying for more funds.

90. During the discussion that followed, it was pointed out that it was difficult to make the case to donors for more resources when the Fund had unallocated resources. The accreditation process was demanding and it might be useful to raise the country cap to US\$ 15 million to allow those NIEs already accredited to continue performing in their function by implementing more projects. That said, civil society had made the useful suggestion that implementing entities should demonstrate that they had completed a project worth at least US\$ 8 million before requesting additional funding, although one Board member suggested that it might be possible to allow implementing entities to submit such a request once they had been given a positive mid-term review on a project. It was also pointed out

that the important point was that the implementing entity only needed to demonstrate its capacity to implement a project. Some of them might have started with smaller projects, in which case the US\$ 8 million threshold would be unfair.

91. Other members felt that, if the cap was also increased for the MIEs they would put forward more projects. While all countries would welcome more money, the unpredictability of resources meant that the country cap should not be raised at the present time. Some members felt that for a number of countries in Africa and Least Developed Countries have yet to access the Fund. The country cap issue seemed to be a flash point for a number of unresolved problems and until they were resolved, it was not feasible to raise the cap.

92. While clearing the Fund of unallocated resources would send a positive message to donors, it would send a negative message to everyone else. It was also important to remember that there was no money unaccounted for; the total funding requests for single-country NIE and RIE projects submitted to the seventeenth and eighteenth meetings of the PPRC amounted to over US\$ 113 million, while the funds currently available for such projects were only US\$ 110 million. The price of carbon meant that current CER sales barely covered the transaction costs of those sales. Some were of the view that there should be no change in the cap until the Fund had an assured, and predictable source of funding and the document should be used to make the case to the CMP for more funding. Any further consideration of raising the country cap should wait until between 75 and 80 per cent of the countries that were eligible to receive funding from the Fund had done so.

93. The Adaptation Fund Board decided to:

- a) Maintain, for the time being, the cap per country established by decision B.13/23; and
- b) Request the secretariat to prepare, for consideration by the Board at its twenty-eighth meeting, options for a framework for a medium-term strategy for the Fund, that would reflect the strategic priorities of the Fund approved by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) and take into account the findings of the Phase I of the Overall Evaluation of the Fund, as well as, *inter alia*, the following matters:
 - (i) The financial situation of the Adaptation Fund, including the work done for resource mobilization for the Fund;
 - (ii) The progress being made on accreditation of implementing entities and developing readiness to access adaptation finance;
 - (iii) Allocation of funds, including the cap of 50 per cent set for proposals submitted by multilateral implementing entities by decision B.12/9, the cap per country set by decision B.13/23 and consideration of regional projects and programmes within and beyond the pilot programme for regional projects and programmes set up by decision B.25/28; and
 - (iv) The discussion on potential linkages between the Adaptation Fund and the Green Climate Fund (GCF).

(Decision B.27/39)

Agenda Item 13: Issues arising from the twenty-first session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP21) and the eleventh session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP11)

94. The Chair opened the discussion on the item by inviting Mr. Richard Kinley, Deputy Executive Secretary of the United Nations Framework Convention on Climate Change (UNFCCC), to address the Board.

95. In his remarks, Mr. Kinley characterized the outcome of COP21 and CMP11 as “historic, landmark, monumental”, saying that the Paris meetings had set the direction for the coming years and put in place an architecture that would help the world tackle climate challenges more seriously. The meetings marked the end of a legislative process and a move toward a phase of regulatory and technical implementation that would give life to the undertakings entered into. Nevertheless, the amount of work on the implementation agenda for the next few years was daunting. It was hoped that there would be almost universal signing of the agreement in New York on April 22, which would signal the international community’s strong commitment to taking the Paris Agreement forward.

96. Describing the contents of the Paris Agreement as “door-openers” for the Adaptation Fund, he explained that additional work was still required for the Fund to solidify its place in the new climate financing architecture, and provided an overview of the steps that needed to be taken by the COP, the CMP, the Ad-hoc working group on the Paris Agreement (APA) and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA). Thus, at the COP22 meeting in Marrakech in November 2016, the President was expected to make a simple procedural proposal to transmit a request to the APA to undertake the necessary preparatory work prior to forwarding recommendations to the CMP regarding the role of the Adaptation Fund in the future Paris Agreement architecture. The APA could incorporate the issue into their agenda immediately, and substantive discussion could begin in Marrakech. The understanding was that the APA would eventually report to the CMP and the CMP would make its recommendations in time for CMA1. However, this scenario had originally be based on the assumption that CMA1 would take place in 2019 or 2020. It now appeared that the Paris Agreement was likely to enter into force earlier, and CMA1 might be in 2018, or even 2017. In light of the sequence of steps that had to be taken and the uncertain timing, the Chair and Vice-Chair of the Board were strongly advised to meet with the APA co-chairs as early as possible, not only to inform the deliberations of the Board but to help the APA co-chairs understand some of the background issues and prepare for the discussions in Marrakech. The co-chairs would be elected at the first meeting of the APA on 16-26 May in Bonn.

97. The second substantive question arising from the Paris Agreement for the Fund stemmed from the reference to “share of the proceeds” in article 6. It was difficult to know what lay ahead in that regard. The first opportunity to discuss article 6 and its modalities would be at the upcoming meeting of the Subsidiary Body for Scientific and Technological Advice in Bonn in May 2016.

98. The meetings in Marrakech would also be another opportunity for the Board to report to the CMP on the progress achieved, highlight issues and raise concerns. The success of that activity in Paris was a measure of how the opportunity could be used. Also on the agenda for the CMP was the ongoing third review of the Fund, during which parties and observers could make submissions and the terms of reference might be slightly adjusted.

99. Mr. Kinley closed his remarks with the observation that coherence and collaboration among funding mechanisms and entities were also an important element where engagement had been frustratingly lacking to date, but where recent development indicated potential for progress.

100. Mr. Kinley then responded to a few questions and comments from the Board members. In terms of why the Paris outcome had been so positive, he pointed to the Board's high-quality presentation and the hard work throughout the year by the Chair and Vice-Chair. In addition, UNFCCC had sensitised the French presidency about the importance of smaller funds, and the French government had then lobbied actively on behalf of those funds. Another reason Paris was so historic was because the resulting agreement reflected the importance of balancing mitigation and adaptation; that, he said, was an important signal to the funding entities, although it would take time to ripple through the system. The Fund had a strong advantages relative to other funding entities, including because it was already up and running, and the Board might wish to take advantage of the current strong desire to see early action from Paris to exploit that comparative advantages.

101. Mr. Kinley also offered his thoughts on the importance of the price of CERs, saying that depending on the outcome of the discussions under article 6, CERs could feasibly once again generate income for the Fund. However, that outcome would be political, and was difficult to predict.

102. On behalf of the Board, the Chair thanked Mr. Kinley, who then left the meeting.

103. The Board also took up the question of which issues should be included in the Board's report to CMP12, and the following matters were proposed: the evaluation of the Fund, including the outcome of Phase I and the launch of Phase II; the status of the Fund's income; the readiness programme, including preliminary results and capacity building achievements; the accreditation process and steps taken to enhance effectiveness and efficiency; a request for guidance on how to transition to the new regime; the comparative advantage offered by the Fund; and the issue of coherence and collaboration among funds.

104. It was suggested that the Chair, supported by the secretariat, should draft a proposal and circulate it to the Board members, as it was the practice. The secretariat pointed out that the proposal would need to be prepared following the meeting of the subsidiary bodies in Bonn in late May and the submission deadline of 1 August 2016, meaning that the Board members would need to submit their comments in June.

105. The representative of the trustee suggested that the report should draw attention to the fact that the World Bank's mandate as trustee would soon expire, and that CMP12 was the last session of the CMP before such expiry.

106. Having considered the outcome of the twenty-first session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP21) and the eleventh session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP11), the Adaptation Fund Board decided to request the secretariat to take into account the discussion under this agenda item and comments from Board members and civil society organizations submitted by 30 June 2016, when preparing the draft report to CMP12 for consideration by the Board during the intersessional period.

(Decision B.27/40)

Agenda Item 14: Communications and outreach

107. The representative of the Secretariat reported on developments in the communication strategy, which sought to raise awareness of the Fund and its activities, as well as the urgent need for adaptation. That strategy was put into operation by telling engaging stories about the Fund across a full spectrum of multimedia platforms and outreach efforts, and leveraging the Fund's participation at high-profile climate leadership events. One of the key areas of focus since the last meeting of the Board had been COP21. The Fund set up a one-stop micro-site on its website that had been constantly updated with all the details of the Fund's activities before, during and after COP21. A multimedia event had also been hosted during COP21, as well as a side event on direct access and a donor dialogue to announce new pledges. The secretariat had prepared multilingual talking points and a graph to indicate the Fund's effectiveness and the funding gap and had also undertaken media outreach in preparation for and all the way through COP21 to promote the Fund's activities there, the ongoing unique value of its work, and positive COP21 messages and results as they came out. The Fund appeared in well over 20 news organizations from the global to the country level to spread the message of its work. It had issued several press releases prior and during COP21 as results and news emerged and had used social media to re-broadcast its message with the aid of the multilingual capacities of the secretariat staff and partner organizations. The secretariat also took a lot of photos during COP21 to capture the Fund's involvement there, and make the stories and messages on the website and social media more powerful and engaging.

108. Since then and overall the secretariat had updated its flyers and posters, deepened and enhanced its participation with social media, produced 15 news stories on Fund programs for the internet, and had distributed some 30 new videos, all of which had helped to maintain the momentum leading to and gained from Paris. The Fund also engaged in larger partner digital campaigns linking the Fund's efforts to the steps and momentum following COP21. The Fund's presence had grown in the social media space through the implementation of a more active and targeted strategy on Facebook and Twitter and enhanced and updated Flickr and Youtube and the addition of new platforms (including LinkedIn), and its website was proving ever more popular. The key to that was closer cooperation with social media and distributing information on the internet that focused on strong storytelling with the provision of more frequent, relevant and engaging content.

109. The Fund was also launching a number of new activities, including a new photo contest focusing on adaption in coastal areas and watersheds. The winner would be selected by a panel but there would also be a people's champion selected through social media. The launching of the event would coincide with the signing of the Paris Agreement and Earth Day, with the winners being announced at the readiness seminar to be held in June. The secretariat also planned to have an event at SB44 in Bonn in May, and a side-event and pavilion exhibit at COP22 in Morocco.

110. In the discussion that followed, it was asked whether any other activities that highlighted the comparative advantage of the Fund, or the donation button on its website, had been prepared to coincide with the signing of the Paris Agreement, or whether the Fund would have a side event at the Adaptation Futures 2016 meeting to be held in May at Rotterdam. It was also suggested that it would be important to link the message about the activities of the Fund to the Sustainable Development Goals (SDGs) and, given the greater need for donations, to develop a programme of activities for donor countries and the media in donor countries.

111. The representative of the secretariat said that UNFCCC had launched a social media campaign inviting organizations to submit videos explaining what the Paris Agreement had meant to them. The Fund had submitted videos in English, French and Spanish that had also been posted on

AF's YouTube channel and the UNFCCC website, and spread largely on social media. The results of COP21 had also been posted in detail on the Adaptation Fund website, and the photo contest would keep the Fund linked to the Paris process. The representative of the secretariat said that when the SDGs had been originally agreed to he had referenced the ones most relevant to the Fund's work in detail multiple times on social media, but agreed that it would be useful to follow up on it again to link them in new and engaging ways. The communications strategy supported the Fund's resource mobilisation activities and highlighted its comparative advantage; there were many stories there. The secretariat also undertook outreach to large, internationally recognized media but it also takes time to cultivate relationships with media, and it's important to develop the Fund's content across its own platforms at the same time so that it is easily sharable with reporters. The secretariat noted that it achieved high profile media placements in global organizations like Devex, RFI and Voice of America, is developing new media relationships and leveraged the presence of NIEs during COP21 to help tell the Fund's story from a credible third party perspective. The Swedish national media interviewed NIEs for stories, for example, and the secretariat wrote press releases that German media and others picked up.

112. It was also explained that the secretariat would be hosting a side event, together with four NIEs, at the Adaptation Futures 2016 conference immediately following the opening plenary session. The theme of the side event was direct access to adaptation funding – five years of experience. In addition, the secretariat would participate in another side event organized by the GEF-IEO, together with the scientific and technical advisory panel of the GEF and UNEP.

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

Agenda Item 15: Financial issues

a) Financial status of the Trust Fund and CER monetization

114. At the invitation of the Chair, the representative of the trustee reported on the activities of the trustee since the last meeting, including the issuance of the audited Adaptation Fund Trust Fund Financial Statements for the fiscal year 2015, and provided an update on the financial status of the Adaptation Fund Trust Fund and CER monetization. At year-end 2015, total revenue to the Fund had amounted to US\$ 539.1 million, including US\$ 195.8 million from CER sales, US\$ 343.4 million from donations, and US\$ 4.3 million from investment income generated by the trustee. Funds available for new project and programme approvals had amounted to US\$ 177.7 million at year-end 2015 (an increase of US\$ 47.7 million since the previous report). The representative of 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. During 2015, the trustee had sold 3.7 million CERs to generate almost US\$ 5 million in proceeds. To date in fiscal year 2016, the premium over market prices amounted to just under US\$ 1 million. In response to questions from the EFC, the trustee reported that: i) there had been no meaningful increase in demand for CERs post-Paris, ii) it was in contact with the secretariat of the United Nations Framework Convention on Climate Change on potential leads, but no new purchasers had been identified, and iii) its next report on the overall state of carbon markets would be published at Carbon Expo in May.

115. The trustee reported on donation agreements signed with Belgium, France, Germany, Italy, Luxemburg and Wallonia Region, and US\$ 1,528 received from the United Nations Foundation in respect of private donations via the Fund's website. Due to market conditions and cost considerations, the trustee intended to suspend exchange sales on the ICE platform and focus on taking advantage of opportunities to sell CERs at premium prices through specific over-the-counter sales through fiscal year 2016.

116. 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.18/7 and AFB/B.27/Inf.4).

Agenda Item 16: Dialogue with civil society organisations

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

Agenda Item 17: Date and venue of meetings in 2016 and onwards

118. At the invitation of the Chair, the Manager of the secretariat recalled that at its twenty-sixth meeting, the Board had decided to hold:

- a) Its twenty-eighth meeting from 4 to 7 October 2016 in Bonn, Germany;
- b) Its twenty-ninth meeting from 14 to 17 March 2017 in Bonn, Germany; and
- c) Its thirtieth meeting from 10 to 13 October 2017 in Bonn, Germany.

Agenda Item 18: Other matters

a) *Dialogue with the Head of the Adaptation Fund Board secretariat and GEF CEO, Dr. Naoko Ishii*

119. The Chair invited Ms. Naoko Ishii, Head of the Adaptation Fund Board secretariat and CEO and Chairperson for the GEF, to address the Board.

120. In her remarks, Dr. Ishii underscored the positive outcome of COP21 and the strong will of a broad spectrum of stakeholders to address climate change, including business and civil society. At COP21, the global community had acknowledged the achievements of the Adaptation Fund and recognized it as an institution. The Fund had already done an impressive job of mobilizing resources for adaptation, with over half a billion dollars raised to date and US\$ 330 million allocated for 54 countries, including Small Island Developing States. The operationalization of direct access was one striking achievement, as was the Fund's accreditation of implementing entities, which paved the way for fast-track accreditation by the GCF, representing a major contribution to the global community. The readiness programme was also a notable achievement. She drew attention to four elements of the Fund that she said the donor community paid particular attention to: its effective, efficient project cycle, procedures recognized as transparent, its gender policy and action plan, and civil society engagement.

121. Going forward, the discussion on the future of climate finance would continue over the next couple of years, and it was important that the Fund find a way to continue to contribute to overall climate financing. In that respect, Dr. Ishii highlighted two aspects that she advised the Fund to build on: its record of good coordination and complementarity on the ground with other financial institutions, such as in Tanzania, where it was working with the Least Developed Countries Fund (LDCF); and its involvement in pilot projects such as the glacial lake outburst flood project in Pakistan, for which there were now plans to be scaled-up by the GCF. Suggesting that the Fund could continue to play a key role in pioneering new ways of doing adaptation on the ground, Dr. Ishii expressed her willingness to engage with the Board to learn how the secretariat could best support the Fund, and her commitment to ensuring that the global community recognized the Fund's contribution.

122. Dr. Ishii then responded to a number of questions and comments. She noted many references by the Board members to complementarity and synergy, which she said was the most important issue facing the global community. There were many good stories of coordination with other funds that had not been told. The concept of adaptation was also important for the GEF main trust fund, which funded many projects with a large resilience component; important contributions could be made to adaptation through the resilience angle, where the GEF's perspective and experience could be of use. The gender policy was also an area where the Fund and the GEF had already benefited from complementarity and synergies. Finally, she acknowledged that discussions for GEF 7, while still very preliminary, would start soon in light of the importance of climate finance.

123. The Chair thanked Dr. Ishii for her contribution to the meeting.

Agenda Item 19: Adoption of the report

124. The present report was adopted intersessionally by the Board following its twenty-seventh meeting.

Agenda Item 20: Closure of the meeting

125. The Chair declared the meeting closed at 6:15 p.m. on Friday, 19 March 2016.

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

MEMBERS		
Name	Country	Constituency
Mr. Yerima Peter Tarfa	Nigeria	Africa
Mr. David Kaluba	Zambia	Africa
Mr. Mirza Shawkat Ali	Bangladesh	Asia-Pacific
Mr. Ahmed Waheed	Maldives	Asia-Pacific
Ms. Monika Antosik Kusmierczyk	Poland	Eastern Europe
Mr. Aram Ter-Zakaryan	Armenia	Eastern Europe
Mr. Lucas Di Pietro Paolo	Argentina	Latin America and the Caribbean
Mr. Antonio Navarra	Italy	Western European and Others Group
Mr. Hans Olav Ibrek	Norway	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 Dampney	Ghana	Non-Annex I Parties
Mr. Naresh Sharma	Nepal	Least Developed Countries

ALTERNATES		
Name	Country	Constituency
Mr. Petrus Muteyauli	Namibia	Africa
Mr. Naser Moghaddasi	Iran	Asia-Pacific
Mr. Albara E. Tawfiq	Saudi Arabia	Asia-Pacific
Ms. Ardiana Sokoli	Albania	Eastern Europe
Ms. Umayra Taghiyeva	Azerbaijan	Eastern Europe
Ms. Irina Helena Pineda Aguilar	Honduras	Latin America and the Caribbean
Mr. Philip S. Weech	Bahamas	Latin America and the Caribbean
Mr. Marc-Antoine Martin	France	Western European and Others Group
Ms. Yuka Greiler	Switzerland	Western European and Others Group
Mr. Markku Kanninen	Finland	Annex I Parties
Ms. Aida Velasco Munguira	Spain	Annex I Parties
Ms. Margarita Caso	Mexico	Non-Annex I Parties

ANNEX II

ADOPTED AGENDA OF THE TWENTY-SEVENTH BOARD MEETING

1. Opening of the meeting.
2. Election of the Chair.
3. Transition of the Chair and the Vice-Chair.
4. Organizational matters:
 - a) Adoption of the agenda;
 - b) Organization of work.
5. Report on activities of the outgoing Chair.
6. Report on activities of the secretariat.
7. Report of the Accreditation Panel.
8. Report of the eighteenth meeting of the Project and Programme Review Committee (PPRC) on:
 - a) Funding for proposals under the pilot programme for regional activities;
 - b) Overview of project/programme proposals received;
 - c) Issues identified during project/programme review;
 - d) Project/programme proposals.
9. Report of the eighteenth meeting of the Ethics and Finance Committee (EFC) on:
 - 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.
10. Report of the Resource Mobilization Task Force.

11. Report of the portfolio monitoring mission to Argentina and Uruguay.
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;
 - b) Implementation of the Readiness Programme;
 - c) Proposal to modify the country cap.
13. Issues arising from the twenty-first session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP21) and the eleventh session of the Conference of the Parties serving as meeting of the Parties to the Kyoto Protocol (CMP11).
14. Communications and outreach.
15. Financial issues:
 - (a) Financial status of the trust fund and CER monetization.
16. Dialogue with civil society organizations.
17. Date and venue of meetings in 2016 and onwards.
18. Other matters.
 - a) Dialogue with the Head of the Adaptation Fund Board secretariat and GEF CEO, Dr. Naoko Ishii.
19. Adoption of the report.
20. Closure of the meeting.

ANNEX III: Budget**Table 1: Approved FY16 and proposed FY17 budget of the Board, secretariat and Trustee¹**

All amounts in US\$		Approved FY16	Estimate FY16		Proposed FY17
BOARD AND SECRETARIAT					
01	Personnel	1,704,295	1,716,295		1,825,247 ²
02	Travel	434,000	434,000		548,000
03	General operations	345,870	377,870 ³		306,090 ⁴
04	Meetings	340,000	343,000		363,000 ⁵
Sub-total secretariat administrative services (a)		2,824,165	2,871,165		3,042,337
05	Overall evaluation (b)	200,000	656 ⁶		400,000 ⁷
06	Accreditation (c)	460,000	460,000		464,000
Sub-total secretariat (a), (b) and (c)		3,484,165	3,331,821		3,906,337
07	Readiness Programme (d)	565,000	564,000		616,500
Sub-total secretariat (a) + (b) + (c) + (d)		4,049,165	3,896,821		4,522,837
TRUSTEE					
01	CER Monetization	203,000	203,000		203,000
02	Financial and Program Management	225,000	225,000		225,000
03	Investment Management	115,000	110,000		115,000
04	Accounting and Reporting	56,000	56,000		56,000
05	Legal Services	20,000	20,000		20,000
06	External Audit	50,000	50,000		50,000
Sub-total trustee		669,000	664,000		669,000
GRAND TOTAL ALL COMPONENTS		4,718,165	4,560,821		5,191,837

¹ Decimal points in the table are rounded up.² This increase is justified by the conversion of two current non-renewable staff positions to GE level term contracts and the replacement of the operations associate currently on extended sick leave.³ This increase is justified by the increased cost in office space as a result of the unavoidable move of the secretariat offices to a new building.⁴ This is due to lower rentals in the new office space⁵ This increase is justified by the increased costs for the Board meetings due to the introduction of a fee for the usage of common conference rooms at the UN Campus in Bonn.⁶ Sum of minor expenses taken out of the approved budget for Phase II of the overall evaluation in order to conclude Phase I. These expenses include costs incurred for the consultant to present findings of Phase I of the overall evaluation to the Board at its 26th meeting. Phase II of the overall evaluation initially scheduled for FY16 will now be implemented in FY17. See paragraph 10 of this report.⁷ These are estimated costs for Phase II of the overall evaluation initially scheduled for FY16 which will now be implemented in FY17. The increase in estimated costs to US\$ 400,000 is because Phase II also focusses on evaluating projects and not only the Fund processes as was the case in Phase I.

Table 2: Approved FY16 budget, FY16 estimate and proposed FY17 budget of the Board and secretariat

All amounts in US\$		Approved FY16	Estimate Year End FY16	Proposed FY17
PERSONNEL COMPONENT				
Full-time staff (including benefits):				
01	Senior Program Manager (GH)			
02	Senior Climate Change Specialist (GG)			
03	Senior Climate Change Specialist (GG)			
04	Operations Officer (Accreditation) (GF)			
05	Operations Associate (GD)			
06	Program Officer (GF)			
07	Operations Analyst - Accreditation (ETC → GE)			
08	Operations Analyst - Project Review and Monitoring (JPA → GE)			
09	Senior Programme Assistant - interim position (GD)			
sub-total AFB staff		1,239,428	1,239,428	1,366,546
GEF staff cross-support (including benefits):				
01	Head of the AFB Secretariat (GJ) - 10%			
02	HR support (GD) - 5%			
03	Review of projects (1@GF) - 6%			
04	Review of projects (5@GG) - 6%			
05	Advisor (GH) - 2%			
sub-total GEF staff		141,867	141,867	148,961
Consultants & others				
01	AFB Secretariat Support (Legal support etc.)	35,000	47,000	49,350
02	Design and Operation of dedicated Web sites	35,000	35,000	36,750
03	Communications Strategy & Knowledge Management	127,000	127,000	145,000
04	Results Based Management (RBM)	60,000	60,000	0 ⁸
05	Environment and social safeguards + gender	35,000	35,000	46,140
06	Accounting support	23,000	23,000	24,000
07	IT support	8,000	8,000	8,500
sub-total Consultants		323,000	335,000	309,740
SUB-TOTAL PERSONNEL COMPONENT		1,704,295	1,716,295	1,825,247
TRAVEL COMPONENT				
01	Result Based Management (RBM)	0 ⁹	0	68,000
02	AF Secretariat staff	194,000	194,000	230,000
03	Awareness Raising	60,000	60,000	60,000
04	Board - 24 eligible members	180,000	180,000	190,000
SUB-TOTAL TRAVEL COMPONENT		434,000	434,000	548,000
GENERAL OPERATIONS COMPONENT				
01	Office Space, Equipment and Supplies	250,000	282,000	155,500
02	Support to Chair (communications)	23,870	23,870	24,990
03	Publications, Outreach and KM	70,000	70,000	123,500
04	Staff relocation	2,000	2,000	2,100
SUB-TOTAL GENERAL OPERATIONS COMPONENT		345,870	377,870	306,090

⁸ This is zero because the approved budget by the Board for financial year 16 had included this budget line item under the personnel component in error. RBM costs will be made up of travel costs for portfolio monitoring missions and will be charged under the Travel component for financial year 2017.

⁹ This is zero to enable the RBM budget line item to be moved down to the correct budget component under travel so that there is no change to the RBM budget line item that was approved by the Board in FY16.

MEETINGS COMPONENT			
01 Logistics, interpretation, report writing etc.	240,000	240,000	252,000
02 Translation	100,000	100,000	105,000
02 AFB meeting room rentals	0	3,000	6,000
SUB-TOTAL MEETINGS COMPONENT	340,000	343,000	363,000
TOTAL ALL COMPONENTS	2,824,165	2,871,165	3,042,337

Table 4: Approved FY16 budget, FY16 estimate and proposed FY17 budget for the accreditation services

All amounts in US\$	Approved FY16	Estimate Year End FY16	Proposed FY17
01 Accreditation Panel (fees & conting.)	300,000	300,000	300,000
02 Accreditation Panel/Staff (travel)	160,000	160,000	164,000
TOTAL ACCREDITATION	460,000	460,000	464,000

Table 5: Approved FY16 budget, FY16 estimate and proposed FY17 budget for the overall evaluation of the Fund

All amounts in US\$	Approved FY16	Estimate Year End FY16	Proposed FY17
01 Overall evaluation	200,000	656	400,000
TOTAL OVERALL EVALUATION	200,000	656	400,000

Table 6: Approved FY16 and proposed 17 budget of the readiness programme

All amounts in US\$	Approved Phase II (FY16)	Estimate Year End FY16	Proposed FY17
PERSONNEL COMPONENT (Consultants & others)			
01 Secretariat support	40,000	40,000	40,000
02 Web site	15,000	12,000	15,000
03 Knowledge exchange (Communications Strategy)	15,000	14,000	15,000
05 Environmental & Social Safeguard (Fees) and gender	55,000	55,000	60,000
06 Accreditation (Fees)	35,000	35,000	36,000
SUB-TOTAL PERSONNEL COMPONENT	160,000	156,000	166,000
TRAVEL COMPONENT			
01 AF Secretariat staff	85,000	85,000	82,000
02 Meeting participants	265,000	265,000	272,500
03 Board members	3,000	3,000	3,000
SUB-TOTAL TRAVEL COMPONENT	353,000	353,000	357,500
GENERAL OPERATIONS COMPONENT			
01 Office Space, Equipment and Supplies	2,000	5,000	7,000
02 Publications, Outreach and KM	20,000	20,000	50,000
SUB-TOTAL GENERAL OPERATIONS COMPONENT	22,000	25,000	57,000
MEETINGS COMPONENT			
01 Logistics	30,000	30,000	36,000
SUB-TOTAL MEETINGS COMPONENT	30,000	30,000	36,000
TOTAL ALL COMPONENTS	565,000	564,000	616,500

ANNEX IV

DIALOGUE WITH CIVIL SOCIETY, 18 MARCH 2016, BONN, GERMANY

1. Chair of the Adaptation Fund Board, Mr. Naresh Sharma (Nepal, Least Developed Countries), invited the Board to enter into a dialogue with civil society.
2. Mr. Alpha Kaloga (Germanwatch) reviewed the importance of the recent Paris Agreement and observed that it contained a provision similar to the one which existed between the Adaptation Fund and the Clean Development Mechanism. With respect to the possibility of the lifting of the US\$ 10 million country cap, he said that the Board needed to strike balance between equitable access to its resources by all countries and the need to enable vulnerable countries to have access to climate finance. One possibility was for countries to access up to US\$ 15 million once they had successfully implemented projects whose total value was between US\$ 8 to 10 million. The Board could also consider adopting a policy that committed all MIEs to assist countries to accredit an NIE and then involve them in project implementation. Each MIE should provide a timeline of activities to be carried out to help national institutions build their capacity.
3. He noted that while the Adaptation Fund was a transparent and inclusive fund, it was lagging behind other funds and bodies with regard to the engagement to civil society. The NGO Network proposed that the Board enhance the participation of civil society by continuing to hold the present dialogue and by allowing civil society to express its views on each of the agenda items before the Board took its decisions. Civil society should also meaningfully participate in the committee meetings and resource mobilization, and be provided with space on the Fund's website to facilitate that. He welcomed the Fund's gender sensitive approach with its strong commitment to participation by women which needed to be reflected at the highest levels of decision-making and management in the Fund.
4. In response to a question on raising the country cap, he said that it was common sense to raise the cap. Accredited NIEs needed to be able access further resources from the Fund once they had demonstrated their capacity to implement projects. With respect to direct access, he also said that MIEs should help the NIEs build up their capacity as many countries had no choice but to use the MIEs. Civil society should also participate in resource mobilization as it was the best advocate of the Fund.
5. Ms. Lisa Junghans (Germanwatch) provided an update on the streamlined monitoring and evaluation tool that the NGO Network used to monitor project implementation and which had previously been presented to the Board by Ms. Bettina Koelle (Indigo Development & Change). Once the framework was finalized the results would be shared with the Board and placed on the website of the NGO Network. She informed the Board the first assessment had been completed for South Africa and that the results had been communicated to the NIE concerned. The framework addressed three issues: at the project design phase it assessed how transparent and participatory the process was; at the project implementation phase it assessed how responsive the process was to local feedback and local concerns, as well as the project's financial accountability and transparency; and at the final stages of the project it assessed and reported on the planned activities in the project by looking at what had, or had not taken place. She reminded the Board that the project in South Africa was composed of two components: a small grants facility and building resilience in the greater uMngeni catchment area. The call for proposals for the small grants facility had revealed many good

ideas but they not been as innovative as expected, being more focused on development than adaptation. That said, the steering committee was likely to choose five appropriate projects. In the catchment area component capacity building had occurred for local communities. There had been stakeholder engagement and a community vulnerability analysis planned for targeted local communities, with a scoping of suitable infrastructure and other adaptation measures. There had also been field trials with more than 120 farmers on the implementation of climate smart cropping technologies.

6. Mr. Sönke Kreft (Germanwatch) spoke on project delays which had occurred in all countries in which the Network was present; the average delay being about six months. There were both positive and negative reasons for those delays. The positive reasons included increased attention by stakeholders and due-diligence in the participation and engagement processes, while the negative reasons included: political changes within countries; interference during project set-up; procurement challenges; lack of responsibility or accountability by implementing or executing entities; lack of a country office; language barriers; disbursement delays through national financial procedures; and conflicting stakeholder interests with no clear dispute settlement mechanism.
7. He said that the initial recommendations to counter those delays were: the disclosure of the Project Performance Reports; an analysis (based on field missions) of the factors for project delays; clearer guidance to improve cost calculations; the formulation of procurement arrangements as a condition of signing the implementation agreement; the improvement of the linguistic skills of staff so that they did not need to rely on translators who were unfamiliar with the projects; the commitment of an on the ground presence by implementing entities; a dispute resolution mechanism; and a multi-stakeholder steering committee and multi-ministerial engagement to provide resilience against changing political priorities.
8. In response to question on implementation delays, Mr. Kreft said that the presence of an implementing entity in a country was a factor in reducing those delays.
9. Ms. Lisa Elges (Transparency International) reported on the activities of Transparency International and its review of the climate funds, and especially its review of the Adaptation Fund. She said the positive news was that the Adaptation Fund had agreed to a policy of zero tolerance on corruption but that it needed to go further to meet the best practices that had been implemented by other funds such as the Green Climate Fund, although it had just caught up with the Adaptation Fund in terms of the participation of civil society. Transparency International would re-evaluate the Adaptation Fund over the coming summer in terms of, *inter alia*, its incorporation of civil society into its decision making process, the accessibility and effectiveness of the complaints mechanisms of the Fund and its implementing entities and the delays in the resolution of those complaints, and report its findings to the Adaptation Fund Board at the Board's 28th meeting.
10. The Chair thanked those members of civil society in attendance for their presentations.

ANNEX V

AFB27 PROJECT RELATED FUNDING DECISIONS, MARCH 18, 2016

	Country/Title	IE	Document Ref	Project	NIE	RIE	MIE	Set-aside Funds	Decision
1. Projects and Programmes: Single-country									
	Peru (2)	PROFONANPE	AFB/PPRC.18/13	6,950,239	6,950,239			6,950,239	Approved
	Niger	BOAD	AFB/PPRC.18/14	9,911,000		9,911,000			Not approved
	Albania	WB	AFB/PPRC.18/15	6,000,000			6,000,000		Not approved
Sub-total				22,861,239	6,950,239	9,911,000	6,000,000	6,950,239	
2. Project Formulation Grants: Single country									
	Federated States of Micronesia	MCT	AFB/PPRC.18/4/Add.1	30,000	30,000				Not approved
	Antigua and Barbuda	ABED	AFB/PPRC.18/7/Add.1	30,000	30,000				Not approved
	Panama	Fundación Natura	AFB/PPRC.18/8/Add.1	30,000	30,000			30,000	Approved
Sub-total				90,000	90,000			30,000	
3. Concepts: Single-country									
	Federated States of Micronesia	MCT	AFB/PPRC.18/4	1,000,000	1,000,000				Not endorsed
	Antigua and Barbuda	ABED	AFB/PPRC.18/7	10,000,000	10,000,000				Not endorsed
	Panama	Fundación Natura	AFB/PPRC.18/8	9,952,121	9,952,121				Endorsed
	Guinea Bissau	BOAD	AFB/PPRC.18/9	9,979,000		9,979,000			Endorsed
	Peru (1)	CAF	AFB/PPRC.18/10	2,236,925		2,236,925			Endorsed
	Togo	BOAD	AFB/PPRC.18/11	10,000,000		10,000,000			Not endorsed
	Lao People's Democratic Republic	UN-Habitat	AFB/PPRC.18/12	4,500,000			4,500,000		Endorsed
Sub-total				47,668,046	20,952,121	22,215,925	4,500,000	0	
4. Project Formulation Grants: Regional Concepts									
	Benin, Burkina Faso, Ghana, Niger, Togo	BOAD	AFB/PPRC.18/22/Add.1	80,000		80,000			Not approved
	Burundi, Kenya, Rwanda, Tanzania, Uganda	UNEP	AFB/PPRC.18/23/Add.1	80,000			80,000	80,000	Approved
Sub-total				160,000	0	80,000	80,000	80,000	
5. Concepts: Regional									
	Benin, Burkina Faso, Ghana, Niger, Togo	BOAD	AFB/PPRC.18/22	14,000,000		14,000,000			Not endorsed
	Burundi, Kenya, Rwanda, Tanzania, Uganda	UNEP	AFB/PPRC.18/23	5,000,000			5,000,000		Endorsed
Sub-total				19,000,000	0	14,000,000	5,000,000	0	

	Country/Title	IE	Document Ref	Project	NIE	RIE	MIE	Set-aside Funds	Decision
6. Project Formulation Grants: Regional Pre-concept									
	Colombia, Ecuador	WFP	AFB/PPRC.18/18/Add.1	20,000			20,000	20,000	Approved
Sub-total				20,000	0	0	20,000	20,000	
7. Pre-concepts: Regional									
	Chile, Ecuador	CAF	AFB/PPRC.18/16	13,910,400		13,910,400			Endorsed
	Cambodia, Lao People's Democratic Republic, Myanmar, Thailand, Viet Nam	UNESCO	AFB/PPRC.18/17	4,542,250			4,542,250		Endorsed
	Colombia, Ecuador	WFP	AFB/PPRC.18/18	14,000,000			14,000,000		Endorsed
	Comoros, Madagascar, Malawi, Mozambique	UN-Habitat	AFB/PPRC.18/19	15,088,553			15,088,553		Not endorsed
	Ethiopia, Kenya, Uganda	WMO	AFB/PPRC.18/20	6,800,000			6,800,000		Endorsed
	Kyrgyzstan, Tajikistan, Uzbekistan	UNESCO	AFB/PPRC.18/21	5,000,000			5,000,000		Endorsed
Sub-total				59,341,203	0	13,910,400	45,430,803	0	
8. Total (8 = 1 + 2 + 3 + 4 + 5+6+7)				149,140,488	27,992,360	60,117,325	61,030,803	7,080,239	