



## ADAPTATION FUND

AFB/EFC.20/2/Rev.1  
11 March 2017

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Ethics and Finance Committee  
Twentieth Meeting  
Bonn, Germany, 14-15 March 2017

### **ANNOTATED PROVISIONAL AGENDA**

#### **1. Opening of the meeting**

The outgoing Chair of the Ethics and Finance Committee (EFC), Ms. Tove Zetterström-Goldmann (Sweden, Annex I Parties) will open the meeting.

#### **2. Transition of the Chair and Vice Chair**

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

#### **3. Organizational matters:**

##### *a) Adoption of the agenda*

Documents: AFB/EFC.20/1, Provisional agenda and AFB/EFC.20/2, Annotated provisional agenda.

Action expected: The EFC will be invited to adopt the agenda for the meeting and to raise any other matters it may wish to discuss. These other matters will be included on the agenda under item 7.

##### *b) Organization of work*

Documents: AFB/EFC.20/1, Provisional agenda and AFB/EFC.20/2, Annotated provisional agenda.

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

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

#### **4. Options for an Evaluation Function and Cost Implications**

Document: AFB/EFC.20/3, Updated options for an evaluation function and cost implications.

Background: At its nineteenth meeting, the EFC reviewed options prepared by the secretariat to re-establish a long-term evaluation function for the Fund. Based on the recommendation of the EFC, the Board requested at its twenty-eighth meeting the secretariat “to present further information on Option 1, “Through the GEF Independent Evaluation Office (GEF IEO)” and Option 2, “Through a Technical Evaluation Reference Group (TERG)” as set out in document AFB/EFC.19/5, including cost implications, for consideration by the EFC at its twentieth meeting” (decision B.28/36). Document AFB/EFC.20/3 presents further information on the two options aforementioned, including cost implications.

Action expected: The EFC will be invited to consider the two options presented in the document AFB/EFC.20/3 and recommend a way forward to the Board for approval.

#### **5. Material change in projects funded by the Fund**

Document: AFB/EFC.20/4, Proposal clarifying the scope of material change.

Background: At its nineteenth meeting, the EFC reviewed the fifth annual performance report, for fiscal year 2016, prepared by the secretariat. During the presentation of the report to EFC, the secretariat noted that over the recent years, it had received several requests from Implementing Entities (IEs) related to the article 4.03 of the standard legal agreement between the Board and IEs. Moreover, the bases set by article 4.03 did not cover some types of requests the secretariat had received. For instance, some of these requests were closely related to changes in original target indicators (at activity, output or outcome levels), which were not covered by Article 4.03 which only related to budgetary changes. Furthermore, the article included elements that could lead to different interpretations among IEs, such as the way the ten per cent budget threshold was calculated.

Having considered the comments and recommendation from the EFC, the Board decided (Decision B.28/34), as its twenty-eighth meeting, and in light of paragraph 28 of document AFB/EFC.19/3, to request the secretariat to prepare a proposal for consideration by the EFC at its twentieth meeting clarifying the scope of “*material change*” under Article 4.03

of the standard legal agreement between the Board and IEs (amended in October 2015). Document AFB/EFC.20/4 includes a proposal for clarifying the scope of application of “material change” under Article 4.03 of the standard legal agreement between the Board and IEs. The document also suggests a way forward in dealing with requests for revision of activity/output/outcome target indicators, which are often submitted along with the requests for material change.

Action expected: The EFC will be invited to consider the recommendations presented in this document and recommend a way forward to the Board for approval.

## **6. Financial issues:**

### *a) Investment income;*

Documents: AFB/EFC. 20/5, *Investment income earned by Implementing Entities*

Background: The Board at its twenty-fifth meeting discussed amending the project performance report (PPR) template so that IEs can report on the investment income generated by the Fund’s project grants. Such amendment was approved by decision B.25-26/14. Further the Board requested the secretariat to write to IEs asking them to provide information on the investment income earned so far with the Fund’s resources. The secretariat presented its findings to the seventeenth meeting of the EFC. Following a recommendation by the EFC, the Board at its twenty-sixth meeting requested the secretariat to present a compilation of the practice/operational rules followed by other funds regarding investment income earned by IEs and a proposal of guideline on investment income accrued by IEs for the Adaptation Fund (decision B.26/36). Document AFB/EFC.18/10 presented the compilation requested by the Board for consideration by the EFC. Following consideration of this document, the 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 IEs on amounts held in respect of project grants and to report back to the nineteenth meeting of the EFC (decision B.27/32). Due to lack of comprehensive data to facilitate the Board to make an informed decision, the Board, at its 28th meeting has requested the secretariat to: a) Launch a survey of all IEs asking them to report their yearly investment income for the Adaptation Fund fiscal years 2014, 2015 and 2016, if available, to the secretariat by February 2017 and to: b) In consultation with the trustee, present a recommendation to the twentieth meeting of the EFC on an approach to deal with investment income generated by IEs on amounts held in respect of project grants, based on the survey results. (Decision B.28/42).

Document AFB/EFC.20/5 includes two proposals for dealing with investment income generated by the Fund’s project grants. The document has been finalized by the secretariat in consultation with the Trustee and it describes the advantages and disadvantages of each proposal. of activity/output/outcome target indicators, which are often submitted along with the requests for material change.

Action expected: The EFC will be invited to consider the recommendations presented by in paragraph 7 of document AFB/EFC.20/5 and to make a recommendation for approval by the Board.

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

Documents: AFB/EFC.20/6, Adaptation Fund Trust Fund: Financial report prepared by the trustee, and AFB/B.29/Inf.4, Trustee presentation: update on status of resources and CER monetization

Background: The trustee will report on the financial status of the trust fund to the EFC.

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

*c) Work Plan for the fiscal year 2018*

Documents: AFB/EFC.20/7, Work Plan for the fiscal year 2018

Background: The secretariat will present the work plan proposal for fiscal year 1 July 2017 – 30 June 2018 (FY 18).

Action expected: The EFC will be invited to consider and recommend to the Board for approval the work plan for FY18.

*d) Board and secretariat and trustee budgets for the fiscal year 2018*

Documents: AFB/EFC.20/8, Administrative budgets of the Board and secretariat, and the trustee for the fiscal year 2018

Background: The secretariat and the trustee will present the budget request for fiscal year 1 July 2017 – 30 June 2018 (FY 18).

Action expected: The EFC will be invited to consider and recommend to the Board for approval the Board, secretariat and trustee's budgets for the fiscal year 2018.

**7. Appointment of the Independent Review Panel for the second phase of the overall evaluation of the Fund**

Background: At its twenty-eighth meeting, the Board approved the implementation of phase 2 of the overall evaluation function, to be overseen by an Independent Review Panel, and requested the "evaluation task force to propose, for consideration by the Board during the intersessional period, an independent review panel consisting of three members: (i) an evaluation specialist and (ii) an adaptation specialist, one of which would act as the team leader, and (iii) a representative from civil society, and requested the secretariat to proceed accordingly with the necessary administrative arrangements." (Decision B.28/35 (c)). The secretariat has supported the task force in identifying the above members.

Action expected: The EFC will be invited to consider the recommendation of the evaluation task force.

**8. Other matters**

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

**9. Adoption of the recommendations and report**

**10. Closure of the meeting**

**PROVISIONAL TIMETABLE****Day 1: 14 March 2017***Morning session*

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|--------------|------|---|
| 9:00 – 9:30  | 1    | Opening of the meeting.                                   |
|              | 2    | Transition of the Chair and Vice Chair                    |
|              | 3 a) | Adoption of the agenda.                                   |
|              | 3 b) | Organization of work.                                     |
| 9:30 – 11:00 | 4    | Options for an Evaluation Function and Cost Implications. |

*11:00 – 11:15 Coffee break*

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| 11:15 – 12:00 | 5    | Material change in project funded by the Fund. |
| 12:00 – 12:30 | 6 a) | Investment Income                              |

*Afternoon session*

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| 14:00 – 14:30 | 6 b) | Financial status of the trust fund and CER monetization |
| 14:30 – 15:30 |      | FIF Collaboration Platform Presentation                 |

*15:30 – 15:45 Coffee break*

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| 15:45 – 16:30 | 6 c) | Work Plan for the fiscal year 2018 |
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18:30 – 20:00	Dinner organized by ecbi
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**Day 2: 15 March 2017***Morning session*

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| 9:00 – 10:00  | 6 d) | Board and secretariat and trustee budgets for fiscal year 2018     |
| 10:00 – 10:30 | 7    | Appointment of the IRP for the second phase evaluation of the Fund |

*10:30 – 11:00 Coffee break*

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| 11:00 – 12:30 | 8 | Other matters |
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*12:30 – 14:00 Lunch break*

14:00 – 15:00	Introductory session for new Board members
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15:00 – 16:00      9      Adoption of the recommendations and report

10      Closure of the meeting