



ADAPTATION FUND

AFB/EFC.21/2
6 October 2017

Adaptation Fund Board
Ethics and Finance Committee
Twenty-first Meeting
Bonn, Germany, 10-11 October 2017

ANNOTATED PROVISIONAL AGENDA

1. Opening of the meeting.

The Chair of the Ethics and Finance Committee (EFC), Ms. Patience Dampsey (Ghana, Non-Annex I Parties) will open the meeting.

2. Organizational matters:

a) Adoption of the agenda

Documents: AFB/EFC.21/1, Provisional agenda and AFB/EFC.21/2, 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 8.

b) Organization of work.

Documents: AFB/EFC.21/1, Provisional agenda and AFB/EFC.21/2, 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.

3. Annual performance report for the fiscal year 2017.

Document: AFB/EFC.21/3, *Annual performance report for the fiscal year 2017.*

Background: The secretariat will present the annual performance report for the fiscal year 2017 for consideration by the EFC. The report compiles information on all the requests from IEs that have been received by the secretariat during FY 2017, for issues such as disbursement schedule revision, budget revision, and proposed project extensions. Furthermore, for the first time the APR is including a section on gender and a regional analysis on projects/programmes approvals. The APR is presented for the first time with a professionally laid-out, reader-friendly version as an annex.

Action expected: The EFC will be invited to consider the annual performance report for the fiscal year 2017 contained in document AFB/EFC.21/3, and to make a recommendation to the Board for approval.

4. Options for an evaluation function and cost implications: Indicative three-year work program of the Fund's Evaluation Function with costs.

Document: AFB/EFC.21/4, *Updated options for an evaluation function and cost implications: Indicative three-year evaluation work programme of the Fund with costs.*

Background: At its twentieth 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-ninth meeting, the secretariat “to prepare a document containing an indicative three-year work program including estimated costs and the arrangement required at the set-up stage of the function and during its implementation” for 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.20/3, for consideration by the EFC at its twenty-first meeting” (Decision B.29/29). Document AFB/EFC.21/4 presents further requested information on the two aforementioned options.

Action expected: The EFC will be invited to consider the two options presented in the document AFB/EFC.21/4 and recommend a way forward to the Board for approval.

5. New annex to the Operational Policies and Guidelines related to project/programme implementation.

Document: AFB/EFC.21/5, *New annex to the Operational Policies and Guidelines related to project/programme implementation.*

Background: At its twentieth meeting, the EFC reviewed several requests that the secretariat received from IEs but are not covered by the article 4.03 of the standard legal agreement between the Board and IEs. Based on the recommendation of the EFC, the Board requested at its twenty-

ninth meeting the secretariat to consolidate all previous decisions related to requests for direct project services, requests for material change, and requests for revision of original activity-outcome and/or associated indicators and targets into a new annex to the Operational Policies and Guidelines (OPG) related to project/programme implementation and present it to the EFC at its twenty-first meeting (Decision 29/33).

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

6. Financial issues:

- a) Investment income;

Document: AFB/EFC.21/6, *Investment income earned by implementing entities.*

Background: The Board has approved the amendment of the project performance report (PPR) template so that IEs can report on the investment income generated by the Fund's project grants. (Decision B.25-26/14). To collect information on the investment income earned so far with the Fund's resources, the secretariat launched a survey among all IEs asking them to report their yearly investment income for the Adaptation Fund fiscal years 2014, 2015 and 2016 and presented the survey result to the EFC at its twentieth meeting (Decision B.27/32). Based on the recommendation of the EFC, the Board requested at its twenty-ninth meeting the secretariat to compile a comprehensive analysis after following up with the implementing entities that did not respond to the survey launched pursuant to Decision B.29/42 and prepare, in consultation with the trustee, a recommendation on an approach for dealing with investment income generated by IEs on amounts held in respect of project grants, to be presented to the EFC at its twenty-first meeting (Decision B.29/35).

Action expected: The EFC will be invited to consider the information and recommendations presented in this document and recommend an option to the Board for approval.

- b) Further development of the Financial Intermediary Fund collaboration platform;

Document: AFB/EFC.21/7, *FIF (Financial Intermediary Fund) collaboration platform investment appraisal*

Background: The Board, at its eighteenth meeting in August 2012, approved the one-off cost of US\$ 150,000 as part of the trustee budget to build a new integrated trustee-secretariat information technology system (Decision B.18/34). The system, named FIF Collaboration Platform, has completed the initial development stage in FY17 and was transferred from the trustee to the secretariat for further enhancement. The secretariat, in cooperation with the trustee, presented to the EFC at its twentieth meeting the potential functions that could be built on the Platform. Based on the recommendation of the EFC, the Board at its twenty-ninth meeting, requested the secretariat to assess the option of further development of the Platform and to prepare a

recommendation for consideration by the EFC at its twenty-first meeting (Decision B.29/37). The secretariat will present challenges of the current manual operations and recommend areas of the enhancement that mitigate the challenges and improve the secretariat operational efficiency.

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

- c) Financial status of the Trust Fund and CER monetization;

Document: AFB/EFC.21/8, Adaptation Fund Trust Fund: Financial report prepared by the trustee (as at 30 June 2017).

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.

- d) Reconciliation of the Board and secretariat, and trustee budgets for the fiscal year 2017.

Document: AFB/EFC.21/9, Reconciliation of the Board and secretariat, and the trustee budgets for the fiscal year 2017

Background: The secretariat and the trustee will present the reconciled budgets for fiscal year 2017 (1 July 2016 – 30 June 2017).

Action expected: The EFC will be invited to consider and take note of the reconciled budgets of the Board and the secretariat, and the trustee for the fiscal year 2017.

- e) World Bank Group wide non-salary staff cost rate change

Document: AFB/EFC.21/1/Inf.1, World Bank Group wide non-salary staff cost rate change.

Background: The Adaptation Fund Board Secretariat hosted by the Global Environment Facility is under the World Bank Group administration, and its staff salaries and benefit payments are governed by the Bank policies. The Adaptation Fund Board Secretariat together with the Global Environment Facility were informed only in spring 2017 that the Bank would revise the rate used to calculate non-salary staff costs from 50 per cent to 70 per cent of Washington-appointed staff salaries regardless of funding source, effective 1 July 2017. The secretariat will present to the EFC financial implications of this change and the budget plans for this fiscal year and ahead.

Action expected: The EFC will be invited to consider and take note of the information contained in this document.

7. Update of the second phase of the overall evaluation of the Fund.

Document: None

Background: The Board, at its twentieth meeting, decided to appoint members of the independent review panel (IRP) for the second phase of the overall evaluation of the Adaptation Fund. A representative of the IRP will present the progress and status of the overall evaluation to the EFC.

Action expected: The EFC will be invited to consider and take note of the information presented by the IRP member.

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: 10 October 2017

(Board agenda item)

(9:00 – 9:15 Designation of an acting Chair for the meeting of the Project and Programme Review Committee)

Morning session

9:15 – 9:45 1 Opening of the meeting.

2 a) Adoption of the agenda.

2 b) Organization of work.

9:45 – 10:45 3 Annual performance report for the fiscal year 2017.

10:45 – 11:00 Coffee break

11:00 – 11:30 4 Options for an evaluation function and cost implications: Indicative three-year work program of the Fund's Evaluation Function with costs.

11:30 – 12:30 5 New annex to the Operational Policies and Guidelines related to project/programme implementation.

Afternoon session

14:00 – 14:30 6 a) Investment income

14:30 – 15:15 6 b) Further development of the Financial Intermediary Fund collaboration platform

15:15 – 15:30 Coffee break

15:30 – 16:00 6 c) Financial status of the Trust Fund and CER monetization

16:00 – 16:30 6 d) Reconciliation of the Board and secretariat, and trustee budgets for the fiscal year 2017.

16:30 – 17:00 6 e) World Bank Group wide non-salary staff cost rate change

Day 2: 11 October 2017*Morning session*

9:00 – 9:30	7	Update of the second phase of the overall evaluation of the Fund
9:30 – 10:30	8	Other matters
10:30 – 11:30		<i>Coffee break</i>
11:30 – 12:30	9	Adoption of the recommendations and report
	10	Closure of the meeting