



ADAPTATION FUND

AFB/B.31/8
29 June 2018

ADAPTATION FUND BOARD

Thirty-First Meeting
Bonn, Germany, 20-23 March 2018

REPORT OF THE THIRTY-FIRST MEETING OF THE ADAPTATION FUND BOARD

Introduction

1. The thirty-first meeting of the Adaptation Fund Board (the Board) was held at the Langer Eugen United Nations Campus in Bonn, Germany, from 20 to 23 March 2018, in conjunction with the twenty-second 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 list of the members and alternate members who participated in the meeting is attached as Annex I. A list of accredited observers present at the meeting can be found in document AFB/B.31/Inf.3.

Agenda Item 1: Opening of the meeting

4. The meeting was opened at 9:30 a.m. on 20 March 2018, by the Vice-Chair, Mr. Victor Viñas (Dominican Republic, Latin America and the Caribbean) in order to take up agenda item 14.
5. The meeting was then suspended and reconvened on the morning of 22 March 2018.

Agenda Item 2: Transition of the Chair and the Vice-Chair

6. The outgoing Chair, Mr. Michael Kracht (Germany, Annex I Parties), handed over the chairmanship to Mr. Viñas as the incoming Chair.
7. Mr. Viñas was joined by the incoming Vice-Chair of the Board, Ms. Sylviane Bilgischer (Belgium, Western European and Others Group).

Agenda Item 3: Organizational matters

a) Adoption of the agenda

8. The Board adopted the provisional agenda as contained in document AFB/B.31/1. The agenda is attached in Annex II to the present report.

b) Organization of work

9. The Board considered the provisional timetable contained in the annotated provisional agenda (AFB/B.31/2/Rev.1) and adopted it as proposed by the Chair.

10. The Chair noted that two new Board members and one alternate had been elected at the thirteenth session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP): Mr. Massoud Rezvanian Rahaghi (Iran, Asia-Pacific); Ms. Barbara Schäfer (Germany, Western European and Other States); and Mr. Patrick Sieber (Switzerland, Annex I Parties). He welcomed Ms. Schäfer and Mr. Sieber, who briefly introduced themselves; Mr. Rahaghi was not present at the meeting.

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

- Mr. Ibila Djibril (Benin, Africa)
- Mr. Aram Ter-Zakaryan (Armenia, Eastern Europe)
- Mr. Chebet Maikut (Uganda, Least Developed Countries)
- Ms. Patience Dampsey (Ghana, Non-Annex I Parties)

Agenda Item 4: Report on the activities of the outgoing Chair

12. The outgoing Chair provided a brief report on activities he had undertaken on the Board's behalf during the intersessional period between the thirtieth and thirty-first Board meetings, with the support of the Adaptation Fund Board secretariat (the secretariat).

13. There had been a number of notable developments since the last meeting. The Chair, with the secretariat, had attended the twenty-third session of the Conference of the Parties to the United Nations Convention on Climate Change (COP 23), the thirteenth session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP 13) and the second part of the first meeting of the Parties for the Paris Agreement (CMA 1.2) in Bonn in November 2017 on the Board's behalf. In addition to the important negotiations relating to the Fund, the conference had been marked a number of important activities: the celebrations surrounding the Fund's tenth anniversary, including an event co-hosted by the City of Bonn at the old town hall and the printing of a special anniversary publication; the first annual dialogue among the climate funds, also attended by the Green Climate Fund (GCF) and the Global Environment Facility (GEF); a contributor dialogue, which led to record resource mobilization; and multiple outreach and press events and meetings with key stakeholders, including the Minister for Communications, Climate Action and Environment from the Government of Ireland, a new donor to the Fund.

14. In addition to the work relating to the Bonn conference, the outgoing Chair had performed his day-to-day duties during the period, signing agreements for projects and project preparation grants approved at the previous Board meeting, as well as transfer requests, readiness grant agreements and letters to donors and national implementing entities (NIEs). He had also remained in close

contact with the secretariat on strategically important issues like the report to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol in Bonn and the development of the medium-term strategy (MTS); a recently circulated executive summary for the MTS provided a good demonstration of the added value provided by the Fund.

15. The outgoing Chair also took the opportunity to thank his fellow Board members for their support during his tenure as Chair.

16. The Board took note of the report on the activities of the outgoing Chair.

Agenda Item 5: Report on activities of the secretariat

17. The Manager of the secretariat reported on the secretariat's activities during the intersessional period, as more fully described in document AFB/B.31/3. He described the activities undertaken by the secretariat during COP 23/CMP 13/CMA 1.2. The meetings had been very successful, resulting in the decision that the Fund shall serve the Paris Agreement and helping the Fund surpass its resource mobilization target of US\$ 80 million by some US\$ 13 million, which was the highest amount it had realized in a single year of resource mobilization. Contributions had been received from the Governments of Germany, Ireland, Italy and Sweden, and the Walloon and Brussels regions of Belgium. During the meetings the secretariat had, in collaboration with the city of Bonn, organized an event to celebrate its tenth anniversary event and had unveiled its anniversary publication. It had also participated in the first annual dialogue of climate funds and, in collaboration with United Nations Human Settlements Programme (UN-Habitat), had organized its first ever press conference.

18. The secretariat's other main effort during the intersessional period had been drafting an implementation plan for the Fund's medium-term strategy, which had entailed, in total, more than a week of brain-storming by the entire secretariat. The secretariat had also organized and participated in a number of events and meetings related to the readiness programme, facilitated the work of the Independent Review Panel for the second phase of the overall evaluation of the Fund, continued collaboration with other institutions on gender, organized a half-day gender training for its staff and issued a guidance document for implementing entities on compliance with the gender policy of the Fund. The Manager of the secretariat introduced a new member of the secretariat, Ms. Saliha Dobardzic, who joined the secretariat as Senior Climate Change Specialist.

19. He informed the Board of the secretariat's activities for the remainder of the fiscal year. It was preparing for the forty-eighth sessions of the Subsidiary Body for Implementation and the Subsidiary Body for Scientific and Technological Advice, as well as the first meeting of the Ad Hoc Working Group on the Paris Agreement, to be held in Bonn from 30 April to 10 May 2018. The secretariat also planned to attend the Adaptation Futures 2018 conference in Cape Town, South Africa, from 18 to 21 June 2018, and would conduct portfolio monitoring missions in South Africa and in Cambodia, as well as two readiness workshops and two webinars.

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

Agenda Item 6: Report of the Accreditation Panel

a) *Review of applications for accreditation and re-accreditation*

21. The Chair of the Accreditation Panel, Mr. Antonio Navarra (Italy, Annex I Parties) presented the report of the Panel's twenty-seventh meeting, held in Washington, D.C., on 6-7 February 2018 (AFB/B.28/4).

22. He began by informing the Board that Mr. Daniel Nelson who had recently joined the Panel, had participated in the Panel's meeting as an expert member for the first time, replacing Mr. Bert Keuppens. He went on to report on decisions taken intersessionally to approve the re-accreditation of the National Bank for Agriculture and Rural Development (NABARD) as NIE of India (decision B.30-31/8) and the accreditation of Banque Agricole du Niger (BAGRI) (decision B.30-31/3) and Bhutan Trust Fund for Environmental Conservation (BTSEC) (decision B.30-31/15) as NIE of Niger and Bhutan, respectively. He then provided an overview of the general trends in accreditation and re-accreditation, the geographic coverage of the Fund's accredited implementing entities and the accreditation pipeline.

23. The Fund currently had 46 accredited implementing entities, with an additional 12 applications for accreditation currently under review.

24. In addition to reviewing applications, the panel had discussed ways to improve the efficiency and effectiveness of the accreditation process. It had reviewed the guidance for use by designated authorities when selecting an NIE; the guidance, now called an information note, was annexed to the panel's report. The question of how to deal with dormant applications was also discussed, and a recommendation on the matter was before the Board for consideration at the present meeting. Finally, the issue of accredited implementing entities that ceased to exist due to institutional, legal or organizational changes was considered, with the panel concluding that such entities would have to seek accreditation rather than re-accreditation but would be dealt with on a case-by-case basis.

b) *Reflection on the re-accreditation process*

25. In line with decision B.30/2, the panel had explored ways to improve the effectiveness and efficiency of the accreditation process based on the lessons learned and experiences gained, and had formulated a number of proposals. The secretariat, together with the panel, had prepared a report on the experience gained and lessons learned from the accreditation process (document AFB/EFC.22/4), which had been presented to the EFC at its twenty-second meeting.

26. In accordance with decision B.30/1, the panel had also held extensive discussions on the re-accreditation process, and annex I to the panel's report contained a proposed updated re-accreditation process for the Board's consideration.

27. Mr. Navarro closed his report by informing the Board that the panel's twenty-eight meeting was scheduled for 22–23 May 2018, in Washington D.C.

28. The Adaptation Fund Board took note of the report.

29. A representative of the secretariat introduced the proposed updated re-accreditation process contained in Annex I to document AFB/B.31/4. She began by noting that accreditation was currently valid for a period of five years with the possibility of renewal. The Board had approved a re-accreditation process at its twenty-second meeting, and at its thirtieth meeting had requested the secretariat and the Accreditation Panel to consider the possibilities for improving the process and

report back to the Board. The Accreditation Panel had discussed the matter at its twenty-seventh meeting and was proposing the updated process contained in the annex. The representative of the secretariat explained the proposed changes and additions to the process and subsequently responded to questions from members, among other things confirming that Board approval was required for any change in an entity's status in accordance with the proposed new reaccreditation process. The new reaccreditation process included deadlines to facilitate the re-accreditation process and avoid a major gap between accreditation expiration and achievement of re-accreditation. Considering the re-accreditation policy, the statuses of an implementing entity could be categorized into three: "Accredited," "In Re-accreditation Process," and "Not-Accredited." The secretariat would develop relevant forms for: (i) 'regular' re-accreditation; (ii) 'fast-track' re-accreditation for entities previously accredited by the GCF.

30. Having considered the comments and recommendation of the Accreditation Panel and the information contained in document AFB/B.31/4, the Adaptation Fund Board decided to adopt the updated re-accreditation process contained in Annex I to the Report of the twenty-seventh meeting of the Accreditation Panel.

(Decision B.31/1)

Agenda Item 7: Report of twenty-second meeting of the Project and Programme Review Committee

31. Ms. Aida Velasco Munguira (Spain, Western European and Others Group), Vice-Chair of the PPRC, presented the report of the PPRC (AFB/PPRC.21/27).

32. Following the presentation, concern was expressed at the number of proposals from some MIEs that had not been either endorsed or approved. It was expected that given their nature, pre-concept proposals would generally be endorsed, and the secretariat was asked how it had worked with the proponents to help them meet the Fund's requirements. Greater collaboration with the proponents would help improve the rates of approval and endorsement, which would also improve the image of the Fund. Furthermore, the target for the number of pre-concepts to be endorsed should be increased.

33. Responding to the concerns, the representative of the secretariat explained the review process and said that while the pre-concept proposals were not required to be very detailed they had to meet a minimum threshold of information so that the reviewers could understand the proposal as an adaptation project. He also explained that the Board had decided that MIEs would not be eligible for project formulation grants. It might be possible to invite them to participate in the training workshops held for other implementing entities. One of the main difficulties experienced by the proponents was demonstrating how the proposals would comply with the Fund's environmental and social policy. The secretariat was discussing ways to improve the related templates to facilitate the process.

34. With respect to the intersessional review cycle, it was observed that it was difficult for the PPRC members to comment on the projects when they were unable to discuss them with their colleagues, and it was suggested that the secretariat organize a video conference call for the intersessional consideration of the proposals. The representative of the secretariat said that the practicality of that idea would be examined. In response to a question about adaptation co-benefits in proposals, he said that while they were welcome, the secretariat did not keep track of them and did not take them into account when deciding whether or not a proposal should be recommended for approval. He also said, in response to a query about the number of regional projects that had been

classified as being for disaster risk reduction (DRR), that while the secretariat classified the country proposals it was left to the proponents to classify the regional projects and programmes.

35. The Board approved the following decisions on the matters considered by the PPRC at its twenty-second meeting:

a) *Request for change of programme outcome, outputs and related indicators: Jamaica (PIOJ)*

36. Having considered the comments and recommendation of the Project and Programme Review Committee, the Adaptation Fund Board (the Board) decided:

(a) To approve the change in outcome, outputs and related indicators for the programme “Enhancing the Resilience of the Agricultural Sector and Coastal Areas to Protect Livelihoods and Improve Food Security”, as requested by the Planning Institute of Jamaica (PIOJ) and contained in the revised proposal presented as Annex 5 of document AFB/PPRC.22/4; and

(b) To request the secretariat to draft an amendment to the agreement between the Board and PIOJ to reflect the changes made under subparagraph (a) above.

(Decision B.31/2)

b) *Report of the secretariat on initial screening/technical review of the submitted project and programme proposals: Issues identified during the review process*

37. Having considered the comments and recommendation of the Project and Programme Review Committee, the Adaptation Fund Board (the Board) decided:

(a) To merge the two pipelines for technically cleared regional proposals established in decision B.28/1(b)(ii), so that starting in fiscal year 2019 the provisional amount of funding for regional proposals would be allocated without distinction between the two categories originally described in document AFB/B.25/6/Rev.2, and that the funding of regional proposals would be established on a ‘first come, first served’ basis; and

(b) To include in its work programme for fiscal year 2019 provision of an amount of US\$ 60 million for the funding of regional project and programme proposals, as follows:

(i) Up to US\$ 59 million to be used for funding regional project and programme proposals in the two categories of regional projects and programmes: ones requesting up to US \$14 million, and others requesting up to US\$ 5 million; and

(ii) Up to US\$ 1 million for funding project formulation grant requests for preparing regional project and programme concepts or fully-developed project and programme documents.

(Decision B.31/3)

c) *Review of project and programme proposals*

Single-country projects and programmes

Concept proposals

Proposals from National Implementing Entities (NIEs)

Regular proposals:

Armenia: Strengthening land-based adaptation capacity in communities adjacent to protected areas in Armenia (Project concept; Environmental Project Implementation Unit of the Ministry of Nature Protection of Armenia; ARM/NIE/Forest/2017/1; US\$ 2,506,000)

38. Having considered the comments and recommendation of the Project and Programme Review Committee, the Adaptation Fund Board (the Board) decided:

- (a) To endorse the project concept, as supplemented by the clarification responses provided by the Environmental Project Implementation Unit (EPIU) to the request made by the technical review;
- (b) To request the secretariat to notify EPIU of 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 proposal should provide detailed clarity on the link between adaptation, or building resilience, and the installation of solar water heaters in the clinic and kindergarten;
 - (ii) The fully-developed project proposal should provide gender-disaggregated identification of project beneficiaries in line with the environmental and social policy (ESP) and gender policy (GP) of the Fund, including an explanation of how identified social and economic benefits would empower women;
 - (iii) In addition to the already identified strategies and policies, the fully-developed project proposal should provide a detailed explanation of how the project aligns and complies with the Third National Communication on Climate Change and the Nationally Determined Contribution of the Republic of Armenia;
 - (iv) The fully-developed project proposal should demonstrate how the stakeholder consultations involve all key stakeholders and vulnerable groups and should include gender considerations in compliance with the Fund's ESP and GP; and
 - (v) The fully-developed project proposal should further define project activities and provide the necessary assessment of environmental and social risks, taking management or mitigation measures into account and including gender considerations for all fully identified activities, in line with the Fund's ESP and GP;
- (c) To approve the project formulation grant of US\$ 30,000;
- (d) To request EPIU to transmit the observations under subparagraph (b) to the Government of Armenia; and

(e) To encourage the Government of Armenia to submit, through EPIU, a fully-developed project proposal that would also address the observations under subparagraph (b), above.

(Decision B.31/4)

Proposals from Multilateral Implementing Entities (MIEs)

Lesotho: Improving Adaptive Capacity of vulnerable and food insecure populations in the low-lying areas of Lesotho (Project concept; World Food Programme; LSO/MIE/Food/2018/1; US\$ 9,801,608)

39. Having considered the comments and recommendation of the Project and Programme Review Committee, the Adaptation Fund Board (the Board) decided:

(a) To endorse the project concept, as supplemented by the clarification response provided by the World Food Programme (WFP) to the request made by the technical review;

(b) To request the secretariat to notify WFP of the observations in the review sheet annexed to the notification of the Board's decision as well as the following observations:

(i) The proposal should discuss in more detail, by the fully-developed project proposal stage, how the project will empower women and reduce their vulnerability to climate risks and further develop the stated gender differentiated approach for asset creation and income generation activities;

(ii) Assuming that the use of unidentified sub-projects (USPs) is justified, a project-wide environmental and social management plan (ESMP) is required, providing the framework for all the environmental and it is incumbent on the IE to demonstrate that within the ESMP framework the use of the IE's environmental and social management system tools are acceptable, and that they meet all the requirements of the ESMP; and

(iii) Although the project categorization is adequate, in the fully-developed project proposal the IE will have to provide a risk-based justification in compliance with the ESP;

(c) To request WFP to transmit the observations under subparagraph (b) to the Government of Lesotho; and

(d) To encourage the Government of Lesotho to submit through WFP a fully-developed project proposal that would address the observations under subparagraph (b) above.

(Decision B.31/5)

Mozambique: National natural capital programme to harness resilient ecological infrastructure for systemic climate adaptation of cities, communities and industries, with blended finance and women/youth entrepreneurs (Project concept; African Development Bank; MOZ/MIE/Infr/2018/1/PC; (US\$ 9,999,400)

40. Having considered the comments and recommendation of the Project and Programme Review Committee, the Adaptation Fund Board (the Board) decided:

(a) To not endorse the project concept, as supplemented by the clarification responses provided by the African Development Bank (AfDB) to the request made by the technical review;

(b) To suggest that AfDB 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 clearly assess and describe climate risks that are threatening Niassa and Cabo Delgado provinces;

(ii) Based on that assessment, the proposal should provide the proposed scope of intervention and the expected adaptation benefits for this project, and demonstrate their cost effectiveness;

(iii) The proposal should better explain the focus on private sector involvement and entrepreneurship and how the blending of funds would be compatible with the full cost of adaptation reasoning of the Fund;

(iv) The proposal should demonstrate the commitment of the Government of Mozambique to the compatibility of the proposed institutional arrangements for the management of resilient ecological infrastructure networks with the role of existing government institutions managing the protected area networks and productive sectors covered by these networks; and

(v) The proposal should ensure compliance with the environmental and social policy and gender policy of the Fund; and

(c) To request AfDB to transmit the observations under subparagraph (b) to the Government of Mozambique.

(Decision B.31/6)

Uganda: Strengthening climate change adaptation of small towns and peri-urban communities
(Project concept; African Development Bank; UGA/MIE/Water/2018/1; (US\$ 2,249,000)

41. Having considered the comments and recommendation of the Project and Programme Review Committee, the Adaptation Fund Board (the Board) decided:

(a) To not endorse the project concept, as supplemented by the clarification responses provided by the African Development Bank (AfDB) to the request made by the technical review;

(b) To suggest that AfDB 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 more clarity on the distinction between the stated social benefits and economic benefits, and in so doing, clarify the business case for the proposed commercial tree nursery and provide further clarification on the proposed community training to start businesses;

(ii) The proposal should explain why the selected scope and approach would result in the proposed project being cost-effective;

(iii) The proposal should identify relevant building codes, licenses, construction permits, authorizations, etc., with which the proposed project may need to comply, as

applicable, in order to meet the relevant national technical standards in compliance with the Fund's environmental and social policy; and

(iv) The proponent should complete the table to identify potential environmental and social impacts and risks correctly and include a classification of the project category based on the initial risk assessment and in line with the Fund's environmental and social policy; and

(c) To request AfDB to transmit the observations under subparagraph (b) to the Government of Uganda.

(Decision B.31/7)

Fully-developed proposals

Proposals from National Implementing Entities (NIEs)

Small-size proposals:

Federated States of Micronesia: Practical solutions for reducing community vulnerability to climate change in the Federated States of Micronesia (Fully-developed project document; Micronesia Conservation Trust; FSM/NIE/Multi/2016/2; US\$ 970,000)

42. Having considered the comments and recommendation of the Project and Programme Review Committee, the Adaptation Fund Board (the Board) decided:

(a) To approve the project document, as supplemented by the clarification response provided by the Micronesia Conservation Trust (MCT) to the request made by the technical review;

(b) To approve the funding of US\$ 970,000 for the implementation of the project, as requested by MCT; and

(c) To request the secretariat to draft an agreement with MCT as the National Implementing Entity for the project.

(Decision B.31/8)

Regular proposals:

Cook Islands: Akamatutu'anga kia Tukatau te Ora'anga ite Pa Enea" Pa Enea Action for Resilient Livelihoods (PEARL) (Fully-developed project document; Ministry of Finance and Economic Management; COK/NIE/Multi/2017/1; US\$ 2,999,125)

43. Having considered the comments and recommendation of the Project and Programme Review Committee, the Adaptation Fund Board (the Board) decided:

(a) To approve the project document, as supplemented by the clarification response provided by the Ministry of Finance and Economic Management (MFEM) to the request made by the technical review;

- (b) To approve the funding of US\$ 2,999,125 for the implementation of the project, as requested by MFEM; and
- (c) To request the secretariat to draft an agreement with MFEM as the National Implementing Entity for the project.

(Decision B.31/9)

Proposals from Regional Implementing Entities (RIEs)

Regular proposals:

Ecuador: Increasing adaptive capacity of local communities, ecosystems and hydroelectric systems in the Toachi-Pilatón watershed with a focus on Ecosystem and Community Based Adaptation and Integrated Adaptive Watershed Management (Fully-developed project document; *Banco de Desarrollo de America Latina*; ECU/RIE/Rural/2016/1; US\$ 2,489,373)

44. Having considered the comments and recommendation of the Project and Programme Review Committee, the Adaptation Fund Board (the Board) decided:

- (a) To not approve the fully-developed project proposal, 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) To suggest that CAF 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 better clarify how the priority restoration areas were selected and determined for forest conservation activities, bearing in mind the livelihoods of the most vulnerable communities;
 - (ii) The proposal should strengthen the description on the project sustainability and financial model of the investment fund; and
 - (iii) The proposal should ensure full compliance with the environmental and social policy of the Fund; and
- (c) To request that CAF transmit the observations under subparagraph (b) to the Government of Ecuador.

(Decision B.31/10)

Togo: Increasing the resilience of vulnerable communities in the agriculture sector of Mandouri in northern Togo (Fully-developed project document; *Banque Ouest Africaine de Développement*; 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 (the Board) decided:

- (a) To 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) To 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 ensure consistency throughout the project document in all risks identified and in the findings of risk assessment and impacts, and in particular for the principle of avoiding or minimizing involuntary resettlement. The proposal should also update the relevant sections throughout the project document for consistency;

(ii) The proposal should describe how the project will meet the identified codes and international standards, as relevant; and

(iii) The proposal should provide detailed information on the measures in place to identify and address environmental and social risks for unidentified subprojects, in line with the environmental and social policy and gender policy of the Fund; and

(c) To request BOAD to transmit the observations under subparagraph (b) to the Government of Togo.

(Decision B.31/11)

Proposals from Multilateral Implementing Entities (MIEs)

Cambodia: Climate change adaptation through small-scale and protective infrastructure interventions in coastal settlements of Cambodia (Fully-developed project document; United Nations Human Settlements Programme; KHM/MIE/Urban/2017/1; US\$ 5,000,000)

46. Having considered the comments and recommendation of the Project and Programme Review Committee, the Adaptation Fund Board (the Board) decided:

(a) To not approve the fully-developed project proposal as supplemented by the clarification response provided by the United Nations Human Settlements Programme (UN-Habitat) to the request made following the technical review;

(b) To request the secretariat to notify UN-Habitat of 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 the link between the proposed activities and improved livelihoods and ecotourism development;

(ii) The proposal should ensure that funding of and responsibility for the operation and maintenance of all infrastructure interventions is clearly defined and agreed upon;

(iii) The proposal should clarify if and how the project could be an opportunity to support livelihoods through creating employment in designing, constructing, and maintaining resilient housing, water, and sanitation assets for the benefit of other communes;

(iv) The proposal should clarify and provide evidence of the consultations that were held of the project beneficiaries, particularly at community level; and

(v) The proposal should ensure that the environmental and social risks identification and management process for the identified adaptation measures is clearly outlined in

the environmental and social management plan of the project, including adequate allocation of roles for implementation arrangements; and

- (c) To request UN-Habitat to transmit the observations under sub-paragraph (b) to the Government of Cambodia.

(Decision B.31/12)

Cameroon: Increasing local communities' resilience to climate change through youth entrepreneurship and integrated natural resources management (Fully-developed project document; International Fund for Agricultural Development; CAM/MIE/Rural/2018/1; US\$ 9,982,000)

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

- (a) To not approve the fully-developed project proposal, as supplemented by the clarification response provided by the International Fund for Agricultural Development (IFAD);
- (b) To suggest that IFAD 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 project proposal should clarify the content/nature of the activities under outputs 1.2 (Land and natural resources management provided to increase the resilience to climate change) and 3.1 (Investment Fund established and managed to invest in sustainable agroforestry and renewable energy enterprises for youth and other marginalized groups) and how they will be achieved;
 - (ii) The proposal must provide disaggregated beneficiary data prior to approval (women, youth, indigenous peoples and internally displaced people);
 - (iii) The proposal needs to demonstrate that risk identification is evidence-based, including negative impacts for natural habitats;
 - (iv) Where adaptation actions are expected to generate mitigation benefits, it should be so noted in the proposal;
 - (v) The proposal needs to clarify the project activities in IFAD Social, Environmental and Climate Assessment Procedures (SECAP) in the environmental and social management plan (ESMP), as the project design seems to have been substantially modified between the initial and final review by the introduction of a US\$ 4 million investment fund;
 - (vi) The proposal needs to clarify the alignment of the ESMP with the modified project design. It needs to build on the environmental and social policy risks that have been identified, and align with the 15 principles of the environmental and social policy;
 - (vii) The proposal needs to revise and include a budget descriptions column providing details on activity subtotals for, inter alia, budgeted operating expenses, sub-contracts, and national experts. Additionally, activities that have been budgeted for in Table 19 (Project Budget) are missing detailed budget notes and chronologically planned expenditures; and

(viii) All tables should be reviewed to ensure clarity and correctness; and

(c) To request IFAD to transmit the observations under subparagraph (b) above to the Government of Cameroon.

(Decision B.31/13)

Iraq: Building Resilience of the Agriculture Sector to Climate Change in Iraq (Fully-developed project proposal; International Fund for Agricultural Development; IRQ/MIE/Agri/2017/1; US\$ 9,999,660).

48. Having considered the comments and recommendation of the Project and Programme Review Committee, the Adaptation Fund Board (the Board) decided:

(a) To approve the fully-developed project document as supplemented by the clarification response provided by the International Fund for Agricultural Development (IFAD) to the request made by the technical review;

(b) To approve the funding of US\$ 9,999,660 for the implementation of the project, as requested by IFAD; and

(c) To request the secretariat to draft an agreement with IFAD as the multilateral implementing entity for the project. The agreement should include a commitment from IFAD that:

(i) IFAD will apply its environmental and social management system and that of the executing entity to the full, covering all the activities funded by the Fund, while at the same time developing an overall environmental and social management plan through which IFAD will identify for each activity the requirements for compliance with the Fund's environmental and social policy (ESP) and document any insurmountable obstacles and constraints; and

(ii) Above and beyond the regularly required audits, IFAD will organize an annual external and independent audit of the project's performance in terms of compliance with the Fund's environmental and social safeguards by a private auditor familiar with the ESP. In addition to past performance, the audit will include the annual work plan for the coming year and any environmental and social safeguard measures the implementing entity has included. Adoption of the audit recommendations will be a condition for the disbursement of funding following the submission and clearance of the project performance report.

(Decision B.31/14)

Mongolia: Flood resilience in Ulaanbaatar Ger areas - Climate change adaptation through community-driven small-scale protective and basic-services interventions (Fully-developed project document; United Nations Human Settlements Programme; MNG/MIE/DRR/2017/1; US\$ 4,495,235)

49. Having considered the comments and recommendation of the Project and Programme Review Committee, the Adaptation Fund Board (the Board) decided:

(a) To not approve the fully-developed project proposal, 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) To request the secretariat to notify UN-Habitat of 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 ensure that for the identified adaptation measures the environmental and social risks identification and management process is clearly outlined in the environmental and social management plan of the project, including adequate allocation of roles for implementation arrangements, in line with the Fund's environmental and social policy; or

(ii) Alternatively, the design of the project activities should be further undertaken to the point where it is possible to comprehensively identify the environmental and social risks and formulate any management measures that are required, in line with the Fund's environmental and social policy; and

(c) To request UN-Habitat to transmit the observations under subparagraph (b) to the Government of Mongolia.

(Decision B.31/15)

d) *Review of regional project and programme proposals*

Pre-concept proposals

Proposals from Multilateral Implementing Entities (MIEs)

Albania, the Former Yugoslav Republic of Macedonia and Montenegro: Integrated climate-resilient transboundary flood risk management in the Drin River basin in the Western Balkans (Project pre-concept; United Nations Development Programme; EE/MIE/DRR/2018/PPC/1; US\$ 9,927,750).

50. Having considered the comments and recommendation of the Project and Programme Review Committee, the Adaptation Fund Board (the Board) decided:

(a) To endorse the project pre-concept, as supplemented by the clarification response provided by the United Nations Development Programme (UNDP) to the request made by the technical review;

(b) To request the secretariat to notify UNDP of the observations in the review sheet annexed to the notification of the Board's decision, as well as the following issues:

(i) The concept document should better assess the scope and feasibility of the proposed interventions to avoid any risks of setting overambitious objectives;

(ii) The concept should provide further information on how the project deliverables will build on and leverage relevant key deliverables of the project of the Global Environment Facility (GEF) titled "Enabling Transboundary Cooperation and Integrated Water Resources Management in the Extended Drin River Basin";

(iii) The concept document should assess the risk of the dependencies between the GEF project and the proposed project;

(iv) The concept document should seek experience from and establish links with the GEF supported project titled "Danube River Basin Hydromorphology and River Restoration (DYNA)";

- (v) The concept document should include further description of the approach to flood hazard and risk modelling, including the scenarios that will be used and the rationale for the choices made;
- (vi) The cost effectiveness of the project should be further demonstrated at the concept stage; and
- (vii) The concept document should present a knowledge management and learning component to capture and disseminate the project's results, and such activities should be reflected in the project's expected outcomes or outputs;
- (c) To request UNDP to transmit the observations under subparagraph (b) to the Governments of Albania, the Former Yugoslav Republic of Macedonia and Montenegro; and
- (d) To encourage the Governments of Albania, the Former Yugoslav Republic of Macedonia and Montenegro to submit through UNDP a project concept that would address the observations under subparagraph (b) above.

(Decision B.31/16)

Belize and Guatemala: Increasing climate resilience through restoration of degraded landscapes in the Atlantic region of Central America (Project pre-concept; United Nations Environment Programme; LAC/MIE/DRR/2018/PPC/1; US\$ 10,009,125)

51. Having considered the comments and recommendation of the Project and Programme Review Committee, the Adaptation Fund Board (the Board) decided:

- (a) To not endorse the project pre-concept, as supplemented by the clarification response provided by the United Nations Environment Programme (UN Environment) to the request made by the technical review;
- (b) To suggest that UN Environment 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 rationale for the regional approach should be explained, and a justification should be provided for limiting the project to only two countries, out of the three countries sharing the same issues and target communities in the project area;
 - (ii) The nature and scope of the proposed interventions should be better described in order to assess their adaptation benefits;
 - (iii) The pre-concept document should clarify how the project would bring adaptation benefits to the communities including through improvement of their livelihoods, or the protection of their natural habitat from climate hazards; and
 - (iv) The proposal should clarify the level of consultation that was undertaken to inform the design of the project; and
- (c) To request UN Environment to transmit the observations referred to in subparagraph (b) to the Governments of Belize and Guatemala.

(Decision B.31/17)

Chile, Colombia and Peru: Enhancing adaptive capacity of Andean communities through climate services (Project pre-concept; World Meteorological Organization); LAC/MIE/DRR/2018/2; US\$ 7,398,000).

52. Having considered the comments and recommendation of the Project and Programme Review Committee, the Adaptation Fund Board (the Board) decided:

- (a) To 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;
- (b) To request the secretariat notify WMO of the observations in the review sheet annexed to the notification of the Board's decision as well as the following observations:
 - (i) At the concept stage, the proponent should elaborate or include information regarding the already existing or to be signed agreement to host and maintain the regional data sharing mechanism in the long-term; and
 - (ii) At the concept stage information on consultations at the community level should be also be provided, taking into account and incorporating considerations from the most vulnerable groups, including indigenous peoples, women and youth, if possible.
- (c) To approve the project formulation grant of US\$ 19,980;
- (d) To request WMO to transmit the observations under subparagraph (b) to the Governments of Chile, Colombia and Peru; and
- (e) To encourage the Governments of Chile, Colombia and Peru to submit through WMO a project concept that would address the observations under subparagraph (b) above.

(Decision B.31/18)

Concept proposals

Proposal from Regional Implementing Entity (RIE)

Argentina and Uruguay: Climate change adaptation in vulnerable coastal cities and ecosystems of the Uruguay River (Project concept; *Banco de Desarrollo de America Latina*; LAC/RIE/DRR/2017/1; US\$ 13,999,996)

53. Having considered the comments and recommendation of the Project and Programme Review Committee, the Adaptation Fund Board (the Board) decided:

- (a) To 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) To request the secretariat to notify CAF of 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 proposal should provide further information on how the re-assignment of the flood-prone areas will increase adaptive capacity of communities living around those areas;

- (ii) The fully-developed project proposal should provide a more detailed presentation of the expected benefits including the expected number of beneficiaries;
 - (iii) The fully-developed project proposal should further demonstrate the cost effectiveness of the proposed interventions, including through the regional approach;
 - (iv) The fully-developed project proposal should identify all the national technical standards that are relevant to the project;
 - (v) The fully-developed project proposal should elaborate on how non-climatic factors, that might jeopardize the project's outcomes or sustainability, are addressed through parallel initiatives, including environmental and anthropogenic factors;
 - (vi) In the fully-developed project proposal, the consultation of vulnerable groups and gender considerations should be systematized and documented, and their inputs in the design of the proposal demonstrated; and
 - (vii) The fully-developed project proposal should ensure that the proposed activities have been assessed for their potential environmental and social risks, and adequate mitigation measures proposed, in compliance with the environmental and social policy of the Fund;
- (c) To approve the project formulation grant request for US\$ 100,000;
 - (d) To request CAF to transmit the observations under subparagraph (b) to the Governments of Argentina and Uruguay; and
 - (e) To encourage the Governments of Argentina and Uruguay to submit through CAF a fully-developed project proposal that would also address the observations under subparagraph (b) above.

(Decision B.31/19)

Proposals from Multilateral Implementing Entities (MIEs)

Benin, Burkina Faso, Côte d'Ivoire, Ghana, Mali and Togo: Integrating Flood and Drought Management and Early Warning for Climate Change Adaptation in the Volta Basin (Project concept; World Meteorological Organization; AFR/MIE/DRR/2017/2; US\$ 7,920,000)

54. Having considered the comments and recommendation of the Project and Programme Review Committee, the Adaptation Fund Board (the Board) decided:

- (a) To endorse the project concept, as supplemented by the clarification response provided by the World Meteorological Organization (WMO) to the request made by the technical review;
- (b) To request the secretariat to notify WMO of the observations in the review sheet annexed to the notification of the Board's decision, as well as the following issue:
 - (i) The fully-developed project proposal should give specific attention to the flood-pulsed nature of the Volta river-wide ecosystem and explicitly identify the maintenance of the natural hydrological cycle of the Volta river system as an overall project objective to mitigate and manage environmental and social risks; and

- (ii) The fully-developed project proposal should provide additional information on the sustainability costs of the achievements of the project (early warning system maintenance costs) once it is completed and a commitment by the Governments of Benin, Burkina Faso, Côte d'Ivoire, Ghana, Mali, and Togo to ensure the sustainability of those achievements regardless of the availability of other sources of funding;
- (c) To approve the project formulation grant of US\$ 80,000;
- (d) To request WMO to transmit the observations under subparagraph (b) above to the Governments of Benin, Burkina Faso, Côte d'Ivoire, Ghana, Mali, and Togo; and
- (e) To encourage the Governments of Benin, Burkina Faso, Côte d'Ivoire, Ghana, Mali, and Togo to submit, through WMO, a fully-developed project proposal.

(Decision B.31/20)

Côte d'Ivoire and Ghana: Improved resilience of coastal communities in Côte d'Ivoire and Ghana
(Project concept, United Nations Human Settlements Programme; AFR/MIE/DRR/2017/1; US\$ 14,000,000)

55. Having considered the comments and recommendation of the Project and Programme Review Committee, the Adaptation Fund Board (the Board) decided:

- (a) To not 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) To suggest that UN-Habitat reformulate the project concept, 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 how the development of spatial/land-use planning strategies at district level will be linked with national planning, and if there is any co-ordination between the two countries;
 - (ii) The proposal should provide more detailed information on how the projects at two different scales (interdistrict versus community) will be executed, and what are the benefits of having initiatives of such different scales in one project;
 - (iii) The proposal should provide more detailed information on establishing the "private sector alliance" and a realistic assessment of role and expectations from such an alliance;
 - (iv) The proposal should indicate how selections of consultants and firms is planned to be carried out; and
 - (v) The proposal should clearly outline linkages and synergies with all relevant potentially overlapping projects or programmes, and indicate how the experiences from similar interventions implemented in the region have been used to influence the project design;
- (c) To not approve the project formulation grant of US\$ 100,000; and

(d) To request UN-Habitat to transmit the observations under subparagraph (b) to the Governments of Côte d'Ivoire and Ghana.

(Decision B.31/21)

Fully-developed proposals

Proposals from Regional Implementing Entities (RIEs)

Chile and Ecuador: Reducing climate vulnerability in urban and semi urban areas in cities in Latin America (Fully-developed project document; *Banco de Desarrollo de America Latina*; LAC/RIE/DRR/2015/1; US\$ 13,910,400)

56. Having considered the comments and recommendation of the Project and Programme Review Committee, the Adaptation Fund Board (the Board) decided:

(a) To not approve the project document, 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) To suggest that CAF 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 explain how technical staff (engineers; engineer trainers) could be integrated in the training programmes;

(ii) The stakeholder analysis should present more clearly how vulnerable groups were involved in the consultations in Chile;

(iii) The proposal should identify the risks of unnecessary environmental and social harms in line with the Fund's environmental and social policy (ESP), present the evidence-based findings of impact assessments for those principles for which risks have been identified, and formulate management or mitigation measures accordingly, in a manner commensurate with the risks; and

(iv) The proposal should include implementation arrangements for the environmental and social management measures that are required to comply with the ESP, reflecting a consolidated and integrated environment and social management plan; and

(c) To request CAF to transmit the observations under subparagraph (b) to the Governments of Chile and Ecuador.

(Decision B.31/22)

e) *Update on the scope of application of the full cost of adaptation reasoning criterion*

57. Having considered the comments and recommendation of the Project and Programme Review Committee (PPRC), the Adaptation Fund Board (the Board) decided to request the secretariat to prepare an analysis of the full-cost-of-adaptation-reasoning criterion (document

AFB/PPRC.22/25), revised in accordance with the medium-term strategy implementation plan contained in the Annex I to document AFB/B.31/5/Rev.1 and considering the views of governments of developing countries and relevant stakeholders of the Adaptation Fund on the issue, and to submit the analysis to the PPRC at its twenty-fourth meeting.

(Decision B.31/23)

- f) *Cost-effectiveness of options for arranging post-implementation learning and impact evaluation of Adaptation Fund projects and programmes*

58. During the presentation of the recommendation on the cost-effectiveness of options for arranging post-implementation learning and impact evaluation of Adaptation Fund projects and programmes, the Vice-Chair of the PPRC noted that after consultations with the Chair and Vice-Chair of the EFC and the Chair and Vice-Chair of the Board it had been agreed that subparagraph (c) of recommendation PPRC.22/23 was no longer required.

59. Having considered the comments and recommendation of the Project and Programme Review Committee (PPRC) regarding the two options described in document AFB/PPRC.22/26 for conducting ex-post evaluations of completed Adaptation Fund projects and programmes, the Adaptation Fund Board (the Board) decided:

- a) To convey the assessment of the two options to the Technical Evaluation Reference Group of the Adaptation Fund (AF-TERG), once it is operational, which will subsequently report to the Board on its preferred option; and
- b) To request the AF-TERG to take into account the above discussion in the PPRC.

(Decision B.31/24)

Agenda Item 8: Report of twenty-second 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.22/10).

61. Based on the recommendations of the EFC and the discussion during the presentation of its report, the Board approved the following decisions on the matters considered by the EFC at its twenty-second meeting.

- a) *Implications of the establishment of the Fund's evaluation function*

62. Concerns were raised with respect to the roles of the Board, the EFC and the PPRC in the oversight of the Technical Evaluation Reference Group of the Adaptation Fund (AF-TERG). A representative of the secretariat responded to the concerns raised, stressing that independence was paramount, both with respect to the independence of the group and the independence of its evaluations. The role of the Board was clear: it could commission studies by the AF-TERG and the AF-TERG was accountable to the Board, but the group had to have the independence to do its work with no influence from the Board, to ensure that its results were independent enough to be taken seriously. The role of the EFC was to oversee the performance of the AF-TERG and to consider the group's recommendations and budget, and to in turn make recommendations to the Board. One member nevertheless had reservations about a reference to AF-TERG recommendations being forwarded to the Board "for information".

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

- (a) To approve the terms of reference of the Technical Evaluation Reference Group of the Adaptation Fund (AF-TERG) as contained in Annex III to the report of the Board (AFB/B.31/8);
- (b) To approve the amendment to the terms of reference of the Ethics and Finance Committee (EFC) as contained in Annex IV to the report of the Board (AFB/B.31/8);
- (c) To establish the AF-TERG Recruitment Working Group composed of the following Board members and alternates: Mr. Ibila Djibril (Benin, Africa), Mr. Marc-Antoine Martin (France, Annex I Parties), Ms. Barbara Schäfer (Germany, Annex I Parties) and Ms. Margarita Caso (Mexico, Non-Annex I Parties); and
- (d) To request the AF-TERG Recruitment Working Group, with the support of the secretariat, to undertake the necessary arrangements for the recruitment of the AF-TERG chair and four members intersessionally between the thirty-first and thirty-second meetings of the Board and to report back to the EFC at its twenty-third meeting.

(Decision B.31/25)

b) Efficiency and effectiveness of the accreditation process

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

- (a) With respect to reviewing existing policies or establishing new policies for the accreditation process:
 - (i) To request the secretariat to prepare a document on a “fast-track” accreditation process for entities accredited with the Green Climate Fund and to present it to the Board at its thirty-second meeting;
 - (ii) To request the Accreditation Panel to consider whether there is a need to introduce accreditation standards related to anti-money-laundering / countering the financing of terrorism, and if it determines that there is, to identify which capacities should exist within the implementing entity applicant and which capacities of other institutions could be relied on, and to present a proposal on the matter to the Ethics and Finance Committee (EFC) at its twenty-third meeting;
 - (iii) With respect to “dormant” applications, meaning applications that have been inactive for six months:
 - a. To request the secretariat to inform the designated authority (DA) of the entity’s inactivity in pursuing the accreditation process; and
 - b. To request the secretariat to remove the application from the accreditation pipeline after four consecutive six-month periods of inactivity; and
 - (iv) To encourage national implementing entity applicants to develop their capacities by working jointly on projects implemented by a multilateral or regional implementing entity;

- (b) With respect to strengthening the accreditation process:
 - (i) To request the secretariat to prepare a guideline or tool for focal points of implementing entity applicants and to communicate to DAs the information note for DAs on selecting a potential national implementing entity to avoid potential delays; and
 - (ii) To encourage the secretariat:
 - a. To provide implementing entity applicants with enhanced assistance at an earlier stage of the accreditation process, including an in-country visit to the entity, possibly sharing the costs with the implementing entity applicant; and
 - b. To explore the possibility of arranging, when possible, ceremonial or celebratory events to mark accreditation; and
- (c) With respect to simplifying the accreditation process:
 - (i) To request the secretariat:
 - a. To encourage the Accreditation Panel to ensure that their review of accreditation applications is in line with the approved accreditation standards and to explore ways to minimize duplication in the accreditation review process, such as streamlining reporting by the panel; and
 - b. To explore ways to reduce language barriers for implementing entity applicants preparing accreditation applications;
 - (ii) To request the Accreditation Panel to make an early determination on whether a national implementing entity applicant is eligible for the streamlined accreditation process approved by decision B.25/17; and
 - (iii) To encourage the Accreditation Panel to consider third-party assessments on project performance and the capacity of an implementing entity applicant as complementary information.

(Decision B.31/26)

c) *Financial issues*

Investment income

65. Having considered the comments and recommendation of the Ethics and Finance Committee (EFC), and in accordance with decision B.30/40, the Adaptation Fund Board decided to approve the proposed amendments to the standard legal agreement aimed at addressing the issue of investment income earned by implementing entities, as contained in annex I to document AFB/EFC.22/5.

(Decision B.31/27)

Work plan for the fiscal year 2019

66. Having considered the comments and recommendation of the Ethics and Finance Committee (EFC), the Adaptation Fund Board (the Board) decided to approve the draft secretariat work schedule and proposed work plan for fiscal year 2019 as contained in document AFB/EFC.22/7.

(Decision B.31/28)

Administrative budgets of the Board and secretariat and the trustee for the fiscal year 2019

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

(a) To approve, from the resources available in the Adaptation Fund Trust Fund, the proposed budget of US\$ 5,101,193 to cover the costs of the operations of the Board and secretariat over the period 1 July 2018 to 30 June 2019, comprising US\$ 3,930,603 for the secretariat administrative services (the main secretariat budget), US\$ 546,040 for accreditation services and US\$ 624,550 for the Readiness Programme;

(b) To approve, from the resources available in the Adaptation Fund Trust Fund, the proposed budget of US\$ 382,272 to cover the costs of the start-up operations of the evaluation function of the Adaptation Fund over the period 1 July 2018 to 30 June 2019;

(c) To approve, from the resources available in the Adaptation Fund Trust Fund, the proposed budget of US\$ 586,250 for trustee services to be provided to the Adaptation Fund over the period 1 July 2018 to 30 June 2019; and

(d) To authorize the trustee to transfer the amounts in subparagraphs (a) and (b) to the secretariat and the amount in subparagraph (c) to the trustee.

(Decision B.31/29)

68. The approved administrative budgets of the Board and secretariat and trustee for the fiscal year 2019 are contained in Annex V of this report.

d) *Second phase of the overall evaluation of the Fund*

69. Concerns regarding the roles of the EFC and the PPRC were raised, and more specifically regarding the relative lack of opportunity for members of the PPRC to comment on the evaluation report. In response, a representative of the secretariat recalled that the evaluation was a portfolio-level matter and thus fell within the terms of reference of the EFC, as decided by the Board. Furthermore, the Board should not seek to influence the outcome of the evaluation; the oversight of the evaluation team was the role of the Independent Review Panel. The Board's opportunity to comment on the evaluation was the management response, to which all Board members could contribute.

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

(a) To take note of the draft report of the second phase of the overall evaluation of the Adaptation Fund as contained in document AFB/EFC.22/9 and the discussion on the matter at the twenty-second meeting of the EFC;

- (b) To request the Independent Review Panel to supervise the finalization of the report, taking into account the discussion that took place at the twenty-second meeting of the EFC;
- (c) To request the secretariat to circulate the final report to the Board; and
- (d) To request the Chair of the Board, supported by the secretariat, to prepare a management response to the second phase of the overall evaluation of the Fund for consideration by the Board during the intersessional period between its thirty-first and thirty-second meetings.

(Decision B.31/30)

Agenda Item 9: Report of the Resource Mobilization Task Force

71. A representative of the secretariat reported to the Board on the outcome of a meeting of the Resource Mobilization Task Force held in the margins of the present meeting. Recalling that the Board had set a resource mobilization target of US\$ 80 million per year for the biennium 2016–2017 and had surpassed the target in both 2016 and 2017, she said that the Task Force had agreed to propose a new resource mobilization target of US\$ 90 million for the biennium 2018–2019.

72. The Task Force had discussed the possibility of mobilizing additional funding around special themes or topics such as the innovation pillar of the Fund’s medium-term strategy. It had reviewed ongoing resource mobilization activities, including: outreach to sub-national entities, where the ICLEI-Local Governments for Sustainability network would be actively promoting donations to the Fund through the AF Donate link on their website during of the Resilient Cities Congress to be organized on April 24-26, during the upcoming sessions of the subsidiary bodies in Bonn; renewal of the United Nations Foundation-Adaptation Fund (UNF-AF) framework agreement for an additional two years for the UNF to continue to facilitate the Fund’s link button on the UNF website; and outreach to new contributors, including the Government of Ireland, which had recently made a €300,000 donation to the Fund.

73. Having considered the comments and recommendation of the Resource Mobilization Task Force, the Adaptation Fund Board (the Board) decided:

- (a) To approve a new resource mobilization target of US\$ 90 million per year for the biennium 2018-2019; and
- (b) To request the secretariat to assess the feasibility of opening “fundraising drives” associated with specific themes and topics in order to complement the overall resource mobilization campaign.

(Decision B.31/31)

Agenda Item 10: Issues remaining from the thirtieth meeting

a) *Implementation plan for the medium-term strategy for the Fund*

74. Introducing the item, the Manager of the secretariat recalled that the Board had adopted a medium-term strategy (MTS) at its thirtieth meeting. At the same meeting, by decision B.30/42, the Board had requested the secretariat to prepare a draft implementation plan for operationalizing the

MTS for consideration by the Board at its thirty-first meeting. The plan developed pursuant to decision B.30/42 was contained in Annex I to document AFB/B.31/5 Rev.1.

75. The MTS had three strategic focus areas: action, innovation, and learning and sharing. The implementation plan built on those three areas, proposing more specific activities and targets and laying out indicative budgets, both for the budget to operate the plan and for the funding programmed under the different MTS funding windows. Like the MTS, the plan covered a five-year period but was based on the concept of adaptability and learning to allow for changes in the Fund itself as well as in its operating environment. An annual work plan and budget would be presented to the Board each year for its consideration.

76. The implementation plan suggested a number of funding windows, particularly to finance the new area of innovation but also for knowledge management under the learning pillar and for enhanced direct access under the action pillar. The secretariat was proposing to present requests for proposals to the Board for its consideration, with specific targets, indicative funding amounts and criteria.

77. The Manager of the secretariat then provided an overview of the implementation activities proposed under the three strategic focus areas of the MTS.

78. Following his presentation, the Manager of the secretariat responded to a number of questions from the Board. He confirmed that the annual MTS implementation work plans would be presented to the EFC, in accordance with the usual process; while for the first work plan the secretariat had opted to present business-as-usual and MTS implementation activities side by side, it relied on the Board's guidance on how to best present items that involved investment decisions that were not business-as-usual. Regarding the need for additional secretariat resources required for MTS implementation plan activities, he confirmed that most of the activities could be executed with the current resources, although extra support would likely be needed for the innovation pillar, initially on a consulting basis and eventually with additional staff if the project proposal workload increased.

79. A number of questions related to innovation projects. Regarding the possibility of minimizing the risk of failure inherent in innovation projects, the Manager of the secretariat noted that the first requests for proposals for innovation projects would only be launched in a year, providing ample time to develop the criteria, mechanisms and partnerships needed for such projects. Asked which projects would be considered under the innovation pillar, he acknowledged that the question was complex and would need to be addressed during the development of the requests for proposals to be presented to the Board prior to approval of the funding windows. With respect to the innovation facility to be launched, he noted that although the facility was described in the document, the details had not yet been fully elaborated. However, the concept was to have four different types of innovation grants, and to perhaps rely on, for instance, an MIE to act as an aggregator for very small grants.

80. Having considered the draft implementation plan for the medium-term strategy (MTS) for the Adaptation Fund (the Fund) contained in the Annex I to document AFB/B.31/5/Rev.1, the Adaptation Fund Board (the Board) decided:

- (a) To approve the implementation plan for the medium-term strategy for the Fund for 2018–2022 contained in the Annex I to document AFB/B.31/5/Rev.1 (the plan);
- (b) To request the secretariat:
 - (i) To facilitate the implementation of the plan during the period 2018–2022;

- (ii) To include the administrative budget for implementing the plan in the secretariat's annual administrative budget during the strategy period, for consideration by the Fund's Ethics and Finance Committee;
 - (iii) To prepare, for each proposed new type of grant and funding window, a specific document containing objectives, review criteria, expected grant sizes, implementation modalities, review process and other relevant features and submit it to the Board for its consideration in accordance with the tentative timeline contained in Annex I to document AFB/B.31/5/Rev.1, with input from the Board's committees;
 - (iv) Following consideration of the new types of support mentioned in subparagraph (b)(iii), to propose, as necessary, amendments to the Fund's operational policies and guidelines Fund to better facilitate the implementation of such new types of support; and
 - (v) To monitor the progress of implementation of the MTS and report on it annually as part of the annual performance reports of the Fund, and if necessary, propose possible adjustments to the plan during its implementation in conjunction with consideration of the annual work plan; and
- (c) To request the Technical Evaluation Reference Group of the Adaptation Fund (AF-TERG) to undertake a mid-term review of the medium-term strategy and the plan and report to the Board at its thirty-sixth meeting.

(Decision B.31/32)

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

81. The Board went into a closed session to discuss further potential linkages with the GCF and to come to a decision on the matter. It subsequently briefly opened the session and invited a representative of the GCF secretariat to address the Board to explain the meaning of fund-to-fund cooperation under the first pillar of the operational framework on complementarity and coherence with other climate finance delivery channels, after which it continued its deliberations in closed session.

82. The representative of the GCF secretariat said that the GCF Board had adopted an operational framework that contained four pillars to ensure the complementarity and coherence with other climate finance delivery channels. The first pillar was board-level discussions on fund-to-fund arrangements; the second was enhanced complementarity between the funds at the activity level; and the third was the promotion of coherence between funds at the national programming level; while the fourth involved complementarity at the level of delivery of climate finance through an established dialogue between funds. When the framework was adopted, the expectation had been that the different funds should have some experience working together before putting in place fund-to-fund arrangements under the first pillar. In that way, they would have explored what could be done jointly before undertaking any new arrangements or memorandums of understanding (MOUs). The secretariat of the GCF would report to its Board on what activities had been realized, at which time the Board would decide on what arrangements, if any, might be required to advance the issue of complementarity and coherence. While the agenda of the upcoming GCF Board meeting had not yet been finalized, the Board was expected to consider the issue of complementarity and coherence. A standardized MOU was not expected to be developed as each fund was unique. It was not for the

secretariat to say what any MOU might contain or whether a fund-to-fund arrangement would include the possibility of accreditation.

83. Recalling decision B.30/43 and taking into consideration the subsequent correspondence between the secretariats of the Adaptation Fund Board (the Board) and the Green Climate Fund (GCF), the Board decided:

(a) To request the Chair and Vice-Chair, assisted by the secretariat to continue pursuing active engagement with the Green Climate Fund (GCF) Board through its co-chairs, with a view to exploring concrete steps to enhance complementarity and coherence, including at the forty-eighth sessions of the subsidiary bodies to the United Nations Framework Convention on Climate Change, in May 2018, in Bonn, Germany;

(b) To request the secretariat:

(i) To continue discussions with the GCF secretariat to advance the collaborative activities identified at the Annual Dialogue in November 2017 and the Technical Workshop in February 2018 in order to enhance complementarity between the two Funds; and

(ii) To continue the process toward accreditation with the GCF, including by seeking further information from the GCF on options for fund-to-fund arrangements, as described in pillar 1 in the GCF operational framework for complementarity and coherence, as contained in document GCF/B.17/08; and

(c) To request the Chair and secretariat to report to the Board at its thirty-second meeting on the progress made in the activities described in subparagraphs (a) and (b).

(Decision B.31/33)

Agenda Item 11: Issues arising from the twenty-third session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP 23), the thirteenth session of the Conference of the Parties serving as meeting of the Parties to the Kyoto Protocol (CMP 13) and the first session of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA 1)

84. The representative of the secretariat introduced document AFB/B.31/Inf.6.

85. The Board took note of the document.

Agenda Item 12: Communications and outreach

86. A representative of the secretariat reported on communication activities carried out by the secretariat since the previous Board meeting, which were described in paragraphs 21–25 of the report on the activities of the secretariat (AFB/B.31/3). He began by setting out the main messages of the communications programme and followed with a review of the key outputs and multimedia statistics for the period, where he highlighted the extensive positive press coverage received by the Fund during the Bonn climate change conference in November 2017. He provided a review of the Fund's results related to COP 23 and the 10th Anniversary across multiple communications platforms. He also provided an overview of new products and platforms, such as implemented enhancements to social media web sharing icons, the Donate button and Contributors sections of the website, as

well as language-specific videos. He noted future plans to look into the feasibility of adding podcasts to highlight stories and thought leadership. Finally, he drew attention to upcoming communications activities, in particular with the Bonn climate change conference in early May and the Adaptation Futures 2018 conference in South Africa in June 2018.

87. The representative of the secretariat then made a brief presentation on the secretariat's knowledge management activities since the adoption of the Fund's knowledge management strategy and action plan in October 2016 and hiring of a knowledge management officer in October 2017. Activities included: production of a handbook capturing lessons learned from project monitoring missions; production of a publication containing the policies for project preparation, with the aim of making the process more user-friendly; ongoing dialogue with knowledge management officers of other climate funds; support of the community of practice set up with World Resources Institute to facilitating sharing of lessons and experiences among NIEs; and contributions to the capacity-building portal of the United Nations Framework Convention on Climate Change (UNFCCC), designed to provide a snapshot of progress toward implementation of the Paris Agreement.

88. The Board took note of the report on the Fund's communications and outreach and knowledge management activities.

Agenda Item 13: Financial issues

a) Financial status of the Trust Fund and CER monetization

89. A representative of the trustee provided an update on the financial status of the Adaptation Fund Trust Fund, as contained in document AFB/EFC.22/6. He informed the EFC that new donations had been received from the Brussels capital region, Germany, Ireland, Italy and Sweden since the last meeting, for a total of US\$ 81 million. In addition, the trustee was currently processing a new €4 million donation from the Walloon region of Belgium. Since the end of the last fiscal year, 30 June 2017, the trustee had transferred just over US\$ 12 million to implementing entities, leaving US\$ 217 million available for new funding decisions as of 31 December 2017. Also worthy of note was an increase in the Fund's investment income due to the general increase in interest rates, generating a return of over 1.3 per cent for calendar year 2017.

90. A second representative of the trustee joined the meeting via Skype to provide an update on the market for Certified Emission Reductions (CERs) and CER monetization. He reported that opportunistic CER sales continued, with 414,000 tonnes sold since 30 June 2017, generating just over US\$ 1 million. The average sale price was approximately US\$ 2.74 per tonne, compared to a prevailing market price of approximately €0.10 per tonne. He subsequently responded to a question regarding the CER market, explaining that two possible markets were the Intercontinental Exchange (ICE) and the over-the-counter (OTC) market. Demand on the ICE was compliance-driven, based on compliance with the European Union Emissions Trading System (EU ETS), and prices were typically very low. In the OTC market, however, customized transactions could be arranged privately with the buyer. There was a small private-sector demand for CERs from projects with additional social benefits, which had allowed the bank to complete a number of transactions on the OTC market at a premium to the ICE price. Such transactions were generally publicity-driven, however, and the CER volumes involved were limited.

91. The Adaptation Fund Board took note of the trustee's report.

Agenda Item 14: Election of outstanding officers

92. At its opening session, on the morning of 20 March 2018, the Adaptation Fund Board decided:

(a) To elect Ms. Patience Damptey (Ghana, Non-Annex I Parties) as Vice-Chair of the Ethics and Finance Committee; and

(b) To elect Ms. Aida Velasco Munguira (Spain, Western European and Others Group) as Vice-Chair of the Project and Programme Review Committee.

(Decision B.31/34)

93. At a subsequent session, on 23 March 2018, the Adaptation Fund Board decided to elect Mr. Naresh Sharma (Nepal, Least Developed Countries) as Chair of the Project and Programme Review Committee.

(Decision B.31/35)

Agenda Item 15: Dialogue with civil society organizations

94. The report of the dialogue with civil society is contained in Annex VI to the present report.

Agenda Item 16: Date and venue of meetings in 2018 and onward

95. Introducing the item, the Chair recalled that the dates for the meeting 2018 had already been decided. The thirty-second meeting would be held from 9 to 12 October 2018, the thirty-third from 12 to 15 March 2019 and the thirty-fourth meeting from 8 to 11 October 2019. All three meetings would be held in Bonn, Germany.

96. In response to a query about the possibility of holding the meeting of the Board outside of Germany, the Manager of the secretariat reminded the Board that according to paragraph 18 of its rules of procedure, which had been approved by the CMP: "The Board shall meet at least twice every year or as frequently as necessary to enable it to discharge its responsibilities. The meetings of the Board shall take place in the country of the seat of the UNFCCC secretariat, except when meeting in conjunction with sessions of the CMP or with the sessions of subsidiary bodies under the UNFCCC, in which case the Board meeting may take place in the country or at the venue of the relevant UNFCCC meeting."

97. In response to a query about the number of meetings, the Manager of the secretariat confirmed that the Board was free to decide to meet more than twice a year.

Agenda Item 17: Implementation of the code of conduct

98. The Vice-Chair drew attention to the code of conduct and the zero-tolerance policy for corruption posted on the Fund website and asked whether any member had any issue to raise. No issues were raised.

Agenda Item 18: Other matters*a) Collaboration with other international bodies*

99. One member, noting that many project ideas came from national communications, asked the secretariat whether it had considered closer cooperation with the Consultative Group of Experts on National Communications from Parties not included in Annex I to the Convention (CGE). The Manager of the secretariat said that while the secretariat had not participated in CGE workshops to date, it would try to do so when they were held in back-to-back with other meetings attended by the secretariat. Board members might also consider attending those workshops as observers when such workshops were held in their countries. He also said that the secretariat participated as an observer in Adaptation Committee meetings when it could, as well as meetings of the task force on national adaptation plans.

b) Intersessional decisions

100. In response to a query about intersessional decisions taken by the Board, the Manager of the secretariat said that those decisions could be circulated to the members of the Board as an information document at the next regular meeting of the Board following an intersessional period in which such decisions had been taken.

c) Donations

101. In response to a request that the Chair of the Board write to thank donors for their donations, the Vice-Chair said that the outgoing Chair, in his report on his intersessional activities, had reported having done so. The Chair said that in any event he would stay in close contact with the donors.

Agenda Item 19: Adoption of the report

102. The present report was adopted intersessionally by the Board following its thirty-first meeting.

Agenda Item 20: Closure of the meeting

103. Following the customary exchange of courtesies, the Chair declared the meeting closed at 4:00 p.m. on 23 March 2018.

ANNEX I

ATTENDANCE AT THE THIRTY-FIRST MEETING OF THE ADAPTATION FUND BOARD

| MEMBERS | | |
|-------------------------------|--------------------|-----------------------------------|
| Name | Country | Constituency |
| Mr. Ibila Djibril | Benin | Africa |
| Mr. David Kaluba | Zambia | Africa |
| Mr. Mirza Shawkat Ali | Bangladesh | Asia-Pacific |
| Mr. Albara E. Tawfiq | Saudi Arabia | Asia-Pacific |
| Mr. Aram Ter-Zakaryan | Armenia | Eastern Europe |
| Mr. Victor R. Viñas Nicolas | Dominican Republic | Latin America and the Caribbean |
| Mr. Chebet Maikut | Uganda | Least Developed Countries |
| Ms. Barbara Schãfer | Germany | Western European and Others Group |
| Mr. Antonio Navarra | Italy | Western European and Others Group |
| Ms. Sylviane Bilgischer | Belgium | Annex I Parties |
| Ms. Tove Zetterström-Goldmann | Sweden | Annex I Parties |
| Ms. Patience Dampsey | Ghana | Non-Annex I Parties |

| ALTERNATES | | |
|------------------------------|----------------|-----------------------------------|
| Name | Country | Constituency |
| Mr. Mohamed Zmerli | Tunisia | Africa |
| Mr. Ahmed Waheed | Maldives | Asia-Pacific |
| Ms. Umayra Taghiyeva | Azerbaijan | Eastern Europe |
| Ms. Yadira González Columbié | Cuba | Latin America and the Caribbean |
| Mr. Naresh Sharma | Nepal | Least Developed Countries |
| Mr. Paul Elreen Phillip | Grenada | Small Island Developing States |
| Ms. Aida Velasco Munguira | Spain | Western European and Others Group |
| Mr. Marc-Antoine Martin | France | Annex I Parties |
| Mr. Patrick Sieber | Switzerland | Annex I Parties |
| Ms. Margarita Caso Chavez | Mexico | Non-Annex I Parties |

ANNEX II

ADOPTED AGENDA OF THE THIRTY-FIRST MEETING OF THE ADAPTATION FUND BOARD

1. Opening of the meeting.
2. Transition of the Chair and Vice-Chair.
3. Organizational matters:
 - a) Adoption of the agenda
 - b) Organization of work.
4. Report on activities of the outgoing Chair.
5. Report on activities of the secretariat.
6. Report of the Accreditation Panel on.
 - a) Review of applications for accreditation and re-accreditation
 - b) Reflection on the re-accreditation process
7. Report of the twenty-second meeting of the Project and Programme Review Committee (PPRC) on:
 - a) Overview of project/programme proposals received;
 - b) Issues identified during project/programme review;
 - c) Project/programme proposals;
 - d) Overview of readiness grants;
 - e) Post-implementation learning and impact evaluation;
 - f) Full cost of adaptation reasoning.
8. Report of the twenty-second meeting of the Ethics and Finance Committee (EFC) on:
 - a) Efficiency and effectiveness of the accreditation process
 - b) Implications of the establishment of the Fund's Evaluation Function;
 - c) Financial issues;
 - d) Report on the second phase of the overall evaluation of the Fund
9. Report of the Resource Mobilization Task Force

10. Issues remaining from the thirtieth meeting:
 - a) Implementation plan for the Medium-term strategy for the Fund
 - b) Strategic discussion on objectives and further steps of the Fund. Potential linkages between the Fund and the Green Climate Fund.
11. Issues arising from the twenty-third session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP 23), the thirteenth session of the Conference of the Parties serving as meeting of the Parties to the Kyoto Protocol (CMP 13), and the first session of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA 1).
12. Communications and outreach.
13. Financial issues:
 - (a) Financial status of the trust fund and CER monetization.
14. Election of outstanding officers.
15. Dialogue with civil society organizations.
16. Date and venue of meetings in 2018 and onwards.
17. Implementation of the code of conduct.
18. Other matters.
19. Adoption of the report.
20. Closure of the meeting.

ANNEX III

**TERMS OF REFERENCE OF THE TECHNICAL EVALUATION
REFERENCE GROUP OF THE ADAPTATION FUND (TERG)**

Mandate

1. The Technical Evaluation Reference Group of the Adaptation Fund (AF-TERG) is an independent evaluation advisory group, accountable to the Board, established to ensure the independent implementation of the Fund's evaluation framework. Specifically, the TERG will provide:

(a) Evaluation Function: Independently commission the evaluation of the relevance, effectiveness, efficiency and sustainability of the Fund through its overall operation, including its supported projects and programmes as well as implementing entities and report to the Board on lessons, findings, conclusions, and recommendations from relevant evaluation reports;

(b) Advisory Function: Set minimum evaluation standards within the Fund in order to ensure improved and consistent measurement of results;

(c) Oversight Function: Provide quality control of the minimum evaluation requirements and their practice in the Fund and track implementation of Board decisions related to evaluation recommendations. This includes providing advice to the Board in its efforts to incorporate findings and recommendations of evaluations into policies, strategies and procedures.

Composition

2. The AF-TERG shall be comprised of an independent group of experts in evaluation who are all functionally independent of the secretariat, Board, and Board committees. The members will serve in their personal capacities only and will not represent their employers, governments or Fund's entities.

3. There shall be at least five members including the Chair and at least one member with experience with civil society organizations.

4. Membership of the group will be drawn from a range of stakeholders, including practitioners, research institutions, academics, donor and recipient countries, and non-governmental organizations.

Working Modalities

5. The AF-TERG will meet at least once a year, depending on its workload. It is foreseen that during the initial period, at least, there may be a need for additional meetings. The duration of each meeting will be two to three days depending on the agenda to be discussed. Meetings will be scheduled at a time convenient to a majority of the members. Additional meetings may be scheduled if the need arises, as requested by the AF-TERG Chair. To facilitate the exchange of views among AF-TERG members between in-person meetings, other means of communication will be maintained, including electronic discussion groups, conference calls or video conferencing.

6. The Chair of the AF-TERG shall also attend the bi-annual meetings of the Ethics and Finance Committee (EFC) of the Board as ex-officio member.

7. The Chair of the AF-TERG shall report to the Board and/or the EFC as frequently as deemed appropriate and will present results of evaluations and other work conducted by the AF-TERG. Recommendations from the AF-TERG – including an annual budget - are expected to be considered

by the EFC, as per the EFC's terms of reference, which would in turn forward them to the Board, together with any recommended decisions. The Board, drawing from inputs from its committees or the Accreditation Panel, may, as appropriate, request the AF-TERG to include in its work programme specific evaluation tasks relevant to its work.

8. A small **AF-TERG secretariat** composed of a full-time dedicated staff position supported by a part-time consultant and AFB secretariat administrative staff as needed would provide support to the AF-TERG, in particular with regard to the arrangements for the implementation of the evaluation work programme. The full-time staff will operationally report to the Chair of the AF-TERG and administratively report to the Manager of the AFB secretariat. The workload of the AF-TERG secretariat will vary depending on the work programme.

9. The Board, through the EFC, will oversee the performance of the AF-TERG, in a manner that does not infringe on the **independence of the AF-TERG in terms of content and conclusions of evaluations**. The Board may also commission independent evaluations on the AF-TERG, in order to capture lessons learned and amend the arrangement as needed.

10. The expected workload of AF-TERG members and its Chair would be approximately **16 and 24 days a year**, respectively (6 to 14 days in person meeting including the Chair's participation in Board meetings, and 10 days to be involved remotely in focal point activities on specific reviews or evaluations under the work programme).

11. Additional experts may be brought in as necessary to implement the work programme.

Recruitment and Appointment of AF-TERG Members

12. The **recruitment** of AF-TERG members shall be managed by the EFC with support from the secretariat through an open, transparent and criteria-based process. Criteria for selection will include:

- credibility and independence
- expertise and experience in evaluation
- country experience
- knowledge of topics in adaptation to climate change impacts
- commitment and availability to participate in a part time basis
- absence of conflict of interest
- geographic representation and
- gender balance.

13. The first Chair of the AF-TERG will be appointed by the Board following recommendation from the AF-TERG Recruitment Working Group to be established by the EFC, through a competitive recruitment process administratively supported by the AFB secretariat. The AF-TERG Chair will be a member of the Working Group for the appointment of the other members. Subsequent Chairs and other AF-TERG members will be appointed by the Working Group. Members of the AF-TERG shall normally serve for a period of three years, and shall be eligible to serve not more than two consecutive terms or six years. The membership of the AF-TERG shall be managed so that approximately one-third of its membership shall retire by **rotation** every two years. The very first members of the TERG shall therefore be granted exception in number of years of service to allow for effective initiation of the rotation system. The member from civil society will be appointed following the same competitive selection process as the other members.

AF-TERG Work Plan and Budget

14. The AF-TERG will **commission and oversee independent evaluations** and relevant tasks on behalf of the Board and its Committees according to the evaluation framework. The AF-TERG will prepare multi-year work programmes and budget in accordance with the evaluation framework requirements. Where relevant, the content of these multi-year work programmes should be linked to strategies of the Fund, such as medium-term strategies. Proposed multi-year work programmes will be presented to the EFC for consideration and for recommendation for approval by the Board. The AF-TERG will then design, commission and oversee these independent evaluations, with administrative support from its secretariat. As part of its advisory role however, the AF-TERG may develop guidance notes, recommendation papers or any relevant document for consideration by the Board.

15. The AF-TERG, through its Chair, will report annually to the EFC and/or Board on the implementation of its work plan.

16. The annual **budget** of the AF-TERG, its secretariat and work programme will be prepared together with the AFB secretariat and will be submitted for approval by the Board as part of the administrative budget of the Fund.

17. Activities within the work programme are diverse and include the following:

- (a) Review of AF Monitoring & Evaluation (M&E) related Frameworks, Policies and Guidelines;
- (b) Quality review of project-level mid-term and final evaluation reports;
- (c) Performance evaluations, including ex-post evaluations;
- (d) Country studies;
- (e) Thematic evaluations; and
- (f) Overall corporate- or portfolio-level evaluations.

Compensation

18. Members of the AF-TERG who are external experts shall be paid fees for their services and travel expenses.

Relations with the AFB Secretariat

19. The AF-TERG will operate in an arrangement that guarantees **the independence** of the evaluations overseen by the AF-TERG. The primary focal point for the AF-TERG in the AFB Secretariat is the Manager.

20. All communications of a strategic nature from the AF-TERG Chair and its members shall be addressed and channelled to the EFC and/or the Board through the Manager of the secretariat. The AF-TERG will inform the Manager of AF-TERG conclusions and/or activities that require his/her attention or strategic engagement.

21. The Manager will:
- (a) Oversee the practical aspects of hiring of AF-TERG members and the management of their contracts within the World Bank administrative system;
 - (b) Appoint the dedicated secretariat team staff (the AF-TERG secretariat) who will support the AF-TERG, communicate their names and roles to the AF-TERG and supervise the administrative aspects of their work;
 - (c) Participate in AF-TERG meetings as member ex-officio and ensure timely responses from the secretariat to enquiries of the AF-TERG and efficient cooperation by the secretariat with the AF-TERG;
 - (d) Ensure relevant communications from the AF-TERG are received by the secretariat and conveyed to the Board, and addressed by the Board or the secretariat as appropriate;
 - (e) Oversee the preparation of the official reports of AF-TERG meetings, the preparation of Board documents presenting the AF-TERG work programme and budget, as well as the publication or submission to the Board of deliverables of the AF-TERG work programme;
 - (f) Oversee the compliance of procurement for evaluations with applicable administrative rules and guidelines, including contracting external organizations.
22. The Manager will NOT:
- (a) Oversee the technical aspects of hiring of AF-TERG members and their technical work;
 - (b) Engage in direct supervisory roles of AF-TERG members;
 - (c) Oversee the technical aspects of the preparation of the official reports of AF-TERG meetings, or the preparation of Board documents presenting the AF-TERG work programme and budget;
 - (d) Engage in the substance matter aspects of procurement for evaluations.

AF-TERG Member Profile

23. The AF-TERG will be comprised of an independent group of experts in evaluation who will serve in their personal capacities only and will not represent their employers, governments or Fund's entities.

24. Membership of the group will be drawn from a range of stakeholders, including practitioners, research institutions, academics, donor and recipient countries, and non-governmental organizations, taking into account geographical and gender balance and diversity of technical sector experience.

Expertise and experience - The AF-TERG member profile as a group will include diversity in areas of relevant expertise, evaluative skills and thematic knowledge including the following:

- (a) At least 15 years of professional experience in evaluation work at progressively increasing levels, related to monitoring / evaluation / research and management;

- (b) At least 8 years of professional experience in development at field level and international level;
- (c) Evaluation experience: extensive knowledge of, and experience in applying, qualitative and quantitative evaluation methods; a strong record in designing and leading overall evaluations; technical competence in the area of evaluation (theory and practice), and a strong methodological background;
- (d) Climate finance experience, especially extensive knowledge of, and experience in applying climate change adaptation concepts;
- (e) Strong knowledge in project management with strong emphasis on monitoring and evaluation;
- (f) Extended experience in designing, implementing and evaluating adaptation projects and programs in developing countries, covering key adaptation thematic areas;
- (g) Experience in least developed countries, working with those most vulnerable to climate change impacts;
- (h) Extended knowledge of the Adaptation Fund and of UNFCCC, Paris Agreement, Kyoto Protocol and climate change and other environmental international regimes and policies;
- (i) Extended knowledge on operational aspects of institutions (policies, governance, and accounting);
- (j) Strong communication and outreach skills;
- (k) Strong skills and experience in gender-related matters.

Languages –

25. Language capacity in English and extent of international work (all AF regions). Fluency in at least one of the other six official languages of the United Nations (Arabic, Chinese, English, French, Russian and Spanish) would be an asset.

26. In addition to the expertise and skills mentioned above, the following will be expected when selecting the AF-TERG Chair:

- (a) Demonstration of high levels of autonomy and integrity;
- (b) He/she is widely recognized across the evaluation community as a source of knowledge;
- (c) Ability to communicate on complex and highly specialised issues at senior management and executive meetings;
- (d) A track record in strategic and global thinking;
- (e) Excellent relationship and communication management skills;

- (f) Experience in setting up and executing a budget;
- (g) Sensitivity to gender, political, and respect for cultural, aspects;

Independent evaluation capacity –

- (a) Application of ethical guidance.
- (b) Absence of conflict of interest: the team/evaluator must not have been involved in the design and/or implementation, supervision and coordination of and /or have benefited from the Fund/ project/ programme under evaluation. Evaluators are independent from the development intervention, including its policy, operations and management functions, as well as intended beneficiaries.

Key personal competencies – The AF-TERG member profile for individual members includes the following competencies and responsibilities:

- (a) A knowledge and personal commitment to the Adaptation Fund principles, core values and its activities;
- (b) A facilitative and consultative approach including ability to work independently as well as in a multi-cultural environment;
- (c) Good communication skills;
- (d) High ethical standards; and
- (e) Flexibility and time availability.

Revision of the TOR

27. The Board will revise these terms of reference as necessary.

ANNEX IV

**REVISED TERMS OF REFERENCE
OF THE ETHICS AND FINANCE COMMITTEE**

ETHICS AND FINANCE COMMITTEE

TERMS OF REFERENCE

1. The Ethics and Finance Committee (EFC) shall be responsible for providing advice to the Board on issues of conflict of interest, ethics, finance and audit.
2. In this regard, the EFC shall:
 - a) Develop, for approval by the Board, a draft Code of Conduct for the implementation of section VII of the Rules of Procedure in order to protect Board members and alternates and the staff of the secretariat from conflict of interest in their participation, identifying cases of conflict of interest and the related procedures;
 - b) Oversee the implementation of the Code of Conduct and address differences in its interpretation as well as consequences of breach of the Code of Conduct;
 - c) Review and provide advice on the budget for the operating expenses of the Board, secretariat and trustee;
 - d) Advise the Board on overall resource mobilization policy and approach, including recommendations from the trustee with respect to monetization of CERs and receipt of contributions from other sources;
 - e) Review the financial statements of the Fund;
 - f) Review the performance of the Fund and its accredited implementing entities, making use of both internal and external evaluations and reports from implementing entities and other sources, as appropriate;
 - g) Address issues concerning monitoring and evaluation at the Fund level; including the Annual Performance Report of the Fund, and other matters in accordance with the Operational Policies and Guidelines for Parties to Access resources from the Adaptation Fund;
 - h) **Oversee the performance of the Technical Evaluation Reference Group of the Adaptation Fund (AF-TERG), including establishing an AF-TERG Recruitment Working Group, reviewing its annual work plan and budget; the Chair of the AF-TERG shall also attend the bi-annual meetings of the EFC as ex-officio member;**
 - i) Oversee the activities of the secretariat involving recruitment and procurement of services and other activities related to the area of responsibility of the Committee;
 - j) Oversee the activities of the trustee in areas relevant to the responsibility of the Committee;
 - k) Consider any other matter the Board deems appropriate.
3. The EFC, in consultation with the Board Chair, may require assistance and/or advice from experts in the performance of its functions;
4. When the matter under discussion so requires, the trustee will attend the meetings of the EFC.

ANNEX V

Approved FY18 and FY19 budget of the Board and Secretariat, the Evaluation Function, and the Trustee

| All amounts in US\$ | Approved FY18 | Estimate FY18 | Approved FY19 |
|--|------------------|------------------|------------------|
| BOARD AND SECRETARIAT | | | |
| 1 Personnel | 2,691,250 | 2,493,732 | 2,924,519 |
| 2 Travel | 402,000 | 426,000 | 422,000 |
| 3 General operations | 375,000 | 338,000 | 333,284 |
| 4 Meetings | 254,800 | 240,000 | 250,800 |
| Sub-total secretariat administrative services (a) | 3,723,050 | 3,497,732 | 3,930,603 |
| 5 Overall evaluation (b) | 300,000 | 200,000 | 0 |
| 6 Accreditation (c) | 473,780 | 422,000 | 546,040 |
| 7 Readiness Programme (d) | 604,585 | 578,000 | 624,550 |
| Sub-total secretariat (a) + (b) + (c) + (d) | 5,101,415 | 4,697,732 | 5,101,193 |
| EVALUATION FUNCTION | | | |
| 1 Personnel | | | 301,272 |
| 2 Travel | | | 76,000 |
| 3 General operations | | | - |
| 4 Meetings | | | 5,000 |
| Sub-total evaluation function | | | 382,272 |
| TRUSTEE | | | |
| 1 CER Monetization | 180,000 | 180,000 | 180,000 |
| 2 Financial and Program Management | 225,000 | 205,000 | 225,000 |
| 3 Investment Management | 115,000 | 130,950 | 131,250 |
| 4 Accounting and Reporting | 48,000 | 30,000 | 30,000 |
| 5 Legal Services | 20,000 | 20,000 | 20,000 |
| 6 External Audit | - | - | - |
| Sub-total trustee | 588,000 | 565,950 | 586,250 |
| GRAND TOTAL ALL COMPONENTS | 5,689,415 | 5,263,682 | 6,069,715 |

ANNEX VI**DIALOGUE WITH CIVIL SOCIETY, 23 MARCH 2018, BONN, GERMANY**

1. The Chair of the Adaptation Fund Board, Mr. Victor Viñas (Dominican Republic, Latin America and the Caribbean), invited the Board to enter into a dialogue with civil society organizations (CSOs).
2. Ms. Patricia Velasco (*Fundación Futuro Latinoamericana*) (FFLA) spoke about the mission of FFLA. She reviewed the delayed implementation of two of the Fund's projects and provided comments on two proposals that had been considered by the Project and Programme Review Committee at the present meeting. She said that the proponents of the proposed joint project between Ecuador and Chile could take a more integrated approach to adaptive capacity, as well as a more robust approach to capacity-building, gender issues and cost-benefit, and could reduce the number of executing entities. She also said that for the second proposal, no specific or direct activities had been established to increase the resilience of the hydroelectric infrastructure. Some documents were unavailable, and it was unclear how stakeholders had contributed to, or whether they had approved, changes made to the proposal.
3. An executive summary of project proposals in the local language was required, as well as the participation of stakeholders in all phases of project development. Their involvement should be identified at both the national and the regional level and a national workshop should be held for them annually. Regional meetings of the Adaptation Fund NGO Network (the Network) should be organized during other regional events to bring together national partners to help them develop advocacy and participation strategies for the Fund's regional projects.
4. Mr. Serge Nsengimana (*Association pour la Conservation de la nature au Rwanda*, ACNR) said that ACNR promoted biodiversity conservation in Rwanda and followed the projects of the Fund at the national and regional levels, tracking adaptation finance and contributing to the international debate on adaptation finance. It had produced a national report on adaptation project implementation and had closely followed the accreditation of Rwanda's Ministry of Environment and that of the East African Community (EAC).
5. He reported on the "Reducing vulnerability to climate change in North-West Rwanda through Community Based Adaptation" project, and said that while the change in the executing entity had no impact on the project, the subsequent decision to split the national implementing entity (NIE) into two ministries had entailed the accreditation of a new NIE, with the result that the final tranche of project funding had not been disbursed. The Fund should simplify the process of accreditation and disburse remaining funds, as the Green Climate Fund (GCF) had done. The delay in disbursement to Rwanda could force an extension of the project beyond June 2018; there were complaints from the local communities that they had not been paid due to the lack of funds.
6. The Fund's regional adaptation project, "Adapting to Climate Change in Lake Victoria Basin (Burundi, Kenya, Rwanda, Tanzania and Uganda)", had been assessed on the basis of whether the project's objectives addressed the adaptation needs of the most vulnerable people in the area, national strategies and visions on adaptation, and stakeholders. Almost nothing was known about the project at the country level, and some of the activities were not well defined or in place.
7. Ms. Julia Grimm (GermanWatch) explained the history of the Network and said that the transparency of Board meetings required the timely publication of Fund documents; she suggested that a deadline be established for uploading Board meeting documents and recommended that the

deadline be set at 14 days prior to the start of the meeting. She also supported an executive summary in local languages. With respect to participation at Board meetings, she said while the Network appreciated the CSO dialogue, it suggested that civil society's participation be enhanced by the election of two civil society representatives, one from developing countries and one from developed countries, to participate in the committee meetings if they had to remain closed.

8. The project performance reports (PPRs) contained crucial information for civil society's effective engagement with the Fund. While the number of missing PPRs had decreased significantly, 45 per cent of projects were still missing one PPR and 7 per cent were missing two. Further challenges were: the 7 missing terminal evaluations, the 11 missing mid-term evaluations, the discrepancy between the start dates on the Fund's website and those in the PPRs (10 cases), and the indication that a project had been "funded" when there was no start date on website for the project although the PPR had already uploaded (4 cases). Also, there was a complaint mechanism for multilateral implementing entities but not yet for other implementing entities.

9. Mr. Jean-Paul Brice Affana (GermanWatch) spoke about the potential linkages between the Fund and the GCF. The issue of complementarity and coherence should go beyond both funds' boards and secretariats; linkages to be achieved at the local and regional levels should be look into, as well as the interaction between stakeholders and designated authorities and national focal points. The Fund could learn from the experience of the GCF, where two representatives of civil society participated in the board's deliberations. CSOs supported joint activities between the two secretariats to promote complementarity and coherence between the two funds, but it would be important to also consider the regional aspects of that collaboration. He supported the inclusion of a representative of civil society in the Fund's technical evaluation reference group, but said that as currently defined, the required expertise for membership was too onerous for the Network.

10. Following the presentations, members of the Board provided their comments. The point made by the CSO representatives regarding minimizing and reducing resources lost in administrative expenses was highlighted. With respect to complementarity and coherence between CSOs and government, it was noted that for that to happen, documentations had to be accessible in at least the six languages of the United Nations. The documents also had to be made available in time for CSOs to comment on them, and it would be important for the secretariat to clarify what the deadline for publication was. The CSO representatives were asked how they assured the transparency of their own processes, and the FFLA representative was asked whether the evaluations she presented had been based on field visits or desk studies of the documentation provided by the implementing entities, and whether the results had been shared with national authorities. There was support for the suggestion by the CSO representatives that an executive summary of the project proposal be provided. The Network was also asked to consider collaborating with other groups, such as Coordination SUD – *Solidarité Urgence Développement*, and providing more feedback at the country level.

11. The Chair thanked the CSO representatives for their presentations.

ANNEX VII

AFB 31 Project Funding Decisions – March 23, 2018

| | Country/Title | IE | Document Ref | Project | NIE | RIE | MIE | Set-aside Funds | Decision |
|---|-----------------------|------------|---------------------|-------------------|------------------|-------------------|-------------------|-------------------|--------------|
| 1. Projects and Programmes: Single-country | | | | | | | | | |
| | Micronesia (F. S. of) | MCT | AFB/PPRC.22/10 | 970,000 | 970,000 | | | 970,000 | Approved |
| | Cook Islands | MFEM | AFB/PPRC.22/11 | 2,999,125 | 2,999,125 | | | 2,999,125 | Approved |
| | Ecuador | CAF | AFB/PPRC.22/12 | 2,489,373 | | 2,489,373 | | | Not approved |
| | Togo | BOAD | AFB/PPRC.22/13 | 10,000,000 | | 10,000,000 | | | Not approved |
| | Cambodia | UN-Habitat | AFB/PPRC.22/14 | 5,000,000 | | | 5,000,000 | | Not approved |
| | Cameroon | IFAD | AFB/PPRC.22/15 | 9,982,000 | | | 9,982,000 | | Not approved |
| | Iraq | IFAD | AFB/PPRC.22/16 | 9,999,660 | | | 9,999,660 | 9,999,660 | Approved |
| | Mongolia | UN-Habitat | AFB/PPRC.22/17 | 4,495,235 | | | 4,495,235 | | Not approved |
| Sub-total | | | | 45,935,393 | 3,969,125 | 12,489,373 | 29,476,895 | 13,968,785 | |
| 2. PFG: Single country | | | | | | | | | |
| | Armenia | EPIU | AFB/PPRC.22/6/Add.1 | 30,000 | 30,000 | | | 30,000 | Approved |
| Sub-total | | | | 30,000 | 30,000 | | | 30,000 | |
| 3. Concepts: Single-country | | | | | | | | | |
| | Armenia | EPIU | AFB/PPRC.22/6 | 2,506,000 | 2,506,000 | | | | Endorsed |
| | Lesotho | WFP | AFB/PPRC.22/7 | 9,801,608 | | | 9,801,608 | | Endorsed |
| | Mozambique | AfDB | AFB/PPRC.22/8 | 9,999,400 | | | 9,999,400 | | Not endorsed |
| | Uganda | AfDB | AFB/PPRC.22/9 | 2,249,000 | | | 2,249,000 | | Not endorsed |
| Sub-total | | | | 24,556,008 | 2,506,000 | - | 22,050,008 | | |
| 4. Projects and Programmes: Regional | | | | | | | | | |
| | Chile, Ecuador | CAF | AFB/PPRC.22/24 | 13,910,400 | | 13,910,400 | | | Not approved |

| | | | | | | | | | |
|---|--|----------------|----------------------|--------------------|------------------|-------------------|--------------------|-------------------|--------------|
| Sub-total | | | | 13,910,400 | | 13,910,400 | | | |
| 5. PFG: Regional Concepts | | | | | | | | | |
| | Argentina, Uruguay | CAF | AFB/PPRC.22/21/Add.1 | 100,000 | | 100,000 | | 100,000 | Approved |
| | Cote d'Ivoire, Ghana | UN-Habitat | AFB/PPRC.22/22/Add.1 | 100,000 | | | 100,000 | | Not approved |
| | Benin, Burkina Faso, Cote d'Ivoire, Ghana, Mali, Togo | WMO | AFB/PPRC.22/23/Add.1 | 80,000 | | | 80,000 | 80,000 | Approved |
| Sub-total | | | | 280,000 | | 100,000 | 180,000 | 180,000 | |
| 6. Concepts: Regional | | | | | | | | | |
| | Argentina, Uruguay | CAF | AFB/PPRC.22/21 | 13,999,996 | | 13,999,996 | | | Endorsed |
| | Cote d'Ivoire, Ghana | UN-Habitat | AFB/PPRC.22/22 | 14,000,000 | | | 14,000,000 | | Not endorsed |
| | Benin, Burkina Faso, Cote d'Ivoire, Ghana, Mali, Togo | WMO | AFB/PPRC.22/23 | 7,920,000 | | | 7,920,000 | | Endorsed |
| Sub-total | | | | 35,919,996 | | | 21,920,000 | | |
| 7. PFG: Regional Pre-concept | | | | | | | | | |
| | Chile, Colombia, Peru | WMO | AFB/PPRC.22/20/Add.1 | 19,980 | | | 19,980 | 19,980 | Approved |
| Sub-total | | | | 19,980 | | | 19,980 | 19,980 | |
| 8. Pre-concepts: Regional | | | | | | | | | |
| | Albania, the Former Yugoslav Republic of Macedonia, Montenegro | UNDP | AFB/PPRC.22/18 | 9,927,750 | | | 9,927,750 | | Endorsed |
| | Belize, Guatemala | UN Environment | AFB/PPRC.22/19 | 10,009,125 | | | 10,009,125 | | Not endorsed |
| | Chile, Colombia, Peru | WMO | AFB/PPRC.22/20 | 7,398,000 | | | 7,398,000 | | Endorsed |
| Sub-total | | | | 27,334,875 | | - | 27,334,875 | | |
| 9. Total (9 = 1 + 2 + 3 + 4 + 5 + 6 + 7 + 8) | | | | 147,986,652 | 6,505,125 | 26,499,773 | 100,981,758 | 14,198,765 | |