



ADAPTATION FUND

AFB/B.33/7  
28 February 2019

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Adaptation Fund Board  
Thirty-third meeting  
Bonn, Germany, 14-15 March 2019

Agenda item 11

## **PROCEDURAL STEPS FOR RECEIVING CONTRIBUTIONS FROM SOURCES ALTERNATIVE TO GOVERNMENT FUNDING**

## Background

1. The Adaptation Fund Board (the Board), at its thirty-second meeting, held a discussion on the topic of the importance of documenting the procedural steps for receiving contributions from sources alternative to government funding. Considering the documents AFB/B.32/Inf.6 and AFB/B.32/Inf.7 and decision B.31-32/27, the Resource Mobilization Task Force recommended that the Board provide guidance to the secretariat and the trustee regarding engagement with non-governmental donors and a procedure for receiving funds from such donors. The Board was of the view that it was important to preserve the Fund's reputation and ensure transparency when selecting donors, and that it was necessary to have a procedure in place so that opportunities that did arise could be seized. Following the decision, the Board made a decision on this matter as follows:

*Following the discussion related to decision B.31-32/27 and recognizing the need to document the procedural steps to be taken to receive contributions from sources alternative to government funding such as foundations, charitable organizations, non-profit organizations, private individuals and private sector companies, the Adaptation Fund Board (the Board) decided:*

*(a) To request the secretariat, in consultation with the Resource Mobilization Task Force, to prepare a document on the procedural steps to be taken to receive contributions from sources alternative to government funding and present it to the Board for its consideration at its thirty-third meeting; and*

*(b) To request the secretariat to engage with the Resource Mobilization Task Force in reviewing potential resource mobilization opportunities involving alternative sources of contributions when opportunities are presented to the secretariat.*

*(Decision B.32/40)*

2. The Board had recognized early in its operation the willingness of private individuals and organizations to contribute to the Adaptation Fund and their potential for complementing the Fund's resources. At its seventeenth meeting, the Board decided to:

*(a) Request the secretariat to draft and negotiate a memorandum of understanding /legal agreement with United Nations Foundation (UNF) in order to formalize the partnership to collect private donations online, in consultation with the Board Chair and Vice-Chair, and make the necessary arrangements for its signature; and*

*(b) Launch the partnership with UNF during "Rio + 20" if the donation agreement is already signed by that date.*

*(Decision B.17/1)*

3. Following discussions between 2011 and 2012, an arrangement with the United Nations Foundation (UNF) to collect private contributions using an online platform was concluded in October 2012, which has been extended three times in 2014, 2016 and 2018 respectively. The UNF arrangement has not, over its nearly six years of operation, indicated any issues that would reflect negatively on the Fund, or that would contradict its overall policy framework.

## **Procedural steps to be taken for receiving contributions from sources alternative to government funding**

3. Contributions from sources alternative to government funding can be categorized into two scenarios as follows: a) contributions channeled through the UNF online donation link and b) contributions not channeled through the UNF online donation link. In both scenarios, in order to avoid that the Fund is exposed to real or perceived fiduciary and/or reputational risks, the default role of the AF is of a “passive recipient” of funding. If the contributor has an interest in showing “partnership”, the secretariat would carefully scope the Fund participation in light of risks and benefits and present an analysis of these matters to the Resource Mobilization Task Force for its consideration. The secretariat would provide relevant information material on its activities and safeguard the public image of the Fund. The secretariat would also ensure the relationship with the contributor is defined in a specific contribution agreement.

Scenario a): contribution channelled through the UNF online donation link

4. Private contributions are channeled through the online donate link available on the AF website. The donate link platform is managed by the UNF, in accordance with the agreement with it. The framework agreement with UNF was signed in October 2012, and has been extended three times in 2014, 2016 and 2018 respectively.

Scenario b): contribution not channeled through the UNF online donation link.

5. This document will describe the procedural steps to be followed when the Fund receives a proposal to contribute to the Fund from sources alternative to government funding that are not directly channelled through the UNF online donation link.

- *Step 1 Due Diligence Review Process by the secretariat.*

The secretariat will undertake screening and due diligence process for prospective contributors before accepting proposals for contributions. Through this process the secretariat aims at identifying possible financial and reputational risk for the Fund prior to engaging with the potential contributor. The secretariat will also ensure that the institutional goal of the potential contributor is aligned with the overall strategy of the Fund. The outcome of this initial assessment may determine whether additional information is required from the contributor.

- *Step 2 Due Diligence Review Process by the Trustee.*

The Trustee will undertake an internal due diligence process in accordance with the Trustee’s policies and procedures for trust fund contribution management. The outcome of the process may determine whether additional information is required, which could be sought by the secretariat from the contributor and whether and under what terms the Trustee may be able to receive funds into the Adaptation Fund Trust Fund. As a threshold matter, the Trustee does not receive direct contributions from private individuals.

- *Step 3 Preparation of project proposal to the Board*

Once the above step 1 and step 2 are cleared, the secretariat will liaise with the potential contributor to determine objectives, roles and responsibilities, costs and timeline so that either the contributor, or the contributor in collaboration with the secretariat, would finalise a detailed project proposal to submit to the Board through the Resource Mobilization Task Force. The proposal should include, inter alia: a) objective of the initiative; b) role and responsibilities of each party engaged in the project initiative; c) estimated cost associated with the implementation of the initiative; and d) timeline and overall strategy of the initiative. Through exchange with the potential contributor, the secretariat would attempt to ensure that adequate information on the initiative would be available, and in that process, seek additional information, as necessary, from the potential contributor.

- *Step 4 Submission of the proposal to the Resource Mobilization Task Force*

Once the secretariat determines that it has adequate information, it would conduct an assessment of the initiative and, in accordance with Decision B.32/40 (b), submit the proposal and its assessment on it to the Resource Mobilization Task Force, for reviewing the potential resource mobilization opportunity involving alternative sources of contributions.

- *Step 5 Board decision on the proposal*

The Board will make a decision on whether to accept or reject the proposal submitted through the *Resource Mobilization Task Force*.

- *Step 6 Agreement with contributor*

In case the Board accepts the proposal, a specific contribution agreement needs to be prepared in collaboration between the secretariat and the contributor, and in consultation with the trustee, and submitted to the Board for its consideration and approval. When the Board approves the agreement, it will be signed by the Board authorized representative (Chair) and communicated to the contributor for its countersignature. An agreement between a contributor and the Trustee may also be required in accordance with the Trustee's policies and procedures for trust fund contribution management, in order to receive funds into the Adaptation Fund Trust Fund.

## **Recommendation**

6. The Board may want to consider the procedural steps to be taken to receive contributions from sources alternative to government funding and decide to approve the procedural steps to be taken to receive contributions from sources alternative to government funding as described in document AFB/B.33/7.