



ADAPTATION FUND

AFB/B.33.b/5
23 September 2019

ADAPTATION FUND BOARD

Additional Meeting
Bonn, Germany, 28–29 June 2019

REPORT OF THE ADDITIONAL MEETING OF THE ADAPTATION FUND BOARD HELD IN JUNE 2019

Introduction

1. An additional meeting of the Adaptation Fund Board (the Board) was held at the Langer Eugen United Nations Campus in Bonn, Germany, on 28 and 29 June 2019, following the 2019 Bonn Climate Change Conference (SB50).
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 secretariat also provided logistical and administrative support for the meeting.
3. The list of the members and alternate members who participated in the meeting is attached to the present report as annex I. A list of accredited observers present at the meeting can be found in document AFB/B.33.b/Inf.4.

Agenda Item 1: Opening of the meeting

4. The meeting was opened at 9:10 a.m. on 28 June 2019 by the Chair, Ms. Sylviane Bilgischer (Belgium, Annex I Parties).

Agenda Item 2: Organizational matters

a) Adoption of the agenda

5. The Board adopted the provisional agenda set out in document AFB/B.33.b/1 as the agenda for the meeting. The agenda is attached in annex II to the present report.

b) Organization of work

6. The Board considered the provisional timetable contained in the annotated provisional agenda (AFB/B.33.b/2) and adopted it as proposed by the Chair.

Agenda Item 3: A brief recapitulation of relevant procedural steps related to Adaptation Fund Board's tasks mandated by decision 1/CMP.14 and the secretariat's report on progress.

7. The manager of the Adaptation Fund Board Secretariat (the secretariat) provided the Board with background information for the additional meeting. He began by recalling that the Katowice Climate Change Conference had produced landmark decisions finalizing the process whereby the Fund would serve the Paris Agreement. Decisions 13/CMA.1 and 1/CMP.14 provided for the Fund, in addition to serving the Kyoto Protocol, to also serve the Paris Agreement, under the guidance of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA), and to be accountable to the CMA as of 1 January 2019 with respect to all matters relating to the Paris Agreement. Furthermore, the Fund would serve the Paris Agreement exclusively once the share of proceeds under paragraph 4 of Article 6 (Article 6(4)) of the Paris Agreement becomes available.

8. Regarding source of funds, those same decisions provided for the Fund to continue receiving the share of proceeds, if available, from activities under Articles 6, 12 and 17 of the Kyoto Protocol. Decision 13/CMA.1 further provided for the Fund to be financed from the share of proceeds from the mechanism established by Article 6, paragraph 4 of the Paris Agreement and from a variety of voluntary public and private sources when it serves the Paris Agreement.

9. With respect to membership on the Board, in decision 1/CMP.14 the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) had requested the Subsidiary Body for Implementation (SBI) to consider, at its fiftieth session, the issue of the eligibility of parties to the Paris Agreement for membership on the Board and to forward a recommendation to the CMP for consideration at its fifteenth session, in December 2019. The fiftieth session of the SBI had been held in the weeks preceding the present meeting.

10. In paragraph 6 of the same decision, the CMP had requested the Board to consider the following and to make recommendations to the CMP for consideration at its fifteenth session, with a view to those recommendations being forwarded to the CMA for consideration at its second session, in December 2019: (i) the rules of procedure of the Board; (ii) the arrangements of the Fund with respect to the Paris Agreement; (iii) any other matter so as to ensure the Fund serves the Paris Agreement smoothly; and (iv) the implications of the Fund receiving the share of proceeds from activities under Articles 6, 12 and 17 of the Kyoto Protocol when the Fund serves the Paris Agreement.

11. To assist the Board, and as requested in decision AFB/B.33/52, the secretariat had prepared document AFB/B.33.b/3 on matters related to the mandate contained in paragraph 6 of decision 1/CMP.14. Annex 1 to the document contains a discussion note by the trustee on the implications of the Paris Agreement decisions on the trustee terms and conditions. In addition, representatives from the secretariat of the United Nations Framework Convention on Climate Change (UNFCCC), including members of the climate finance and legal teams and the team working on matters related to the Clean Development Mechanism, were present at the meeting to provide information and respond to questions.

12. The Board took note of the information provided by the manager of the secretariat.

Agenda Item 4: Outcome and/or status of negotiations at SB50 on matters related to Adaptation Fund.

a) *SBI 50 consideration and recommendation on the eligibility for membership on the Adaptation Fund Board*

b) *Matters relating to Article 6 of the Paris Agreement, particularly Article 6, paragraph 4*

13. Representatives of the UNFCCC secretariat presented an update on the negotiations and the outcome of the fiftieth sessions of the UNFCCC Subsidiary Body for Implementation (SBI) and Subsidiary Body for Scientific and Technological Advice (SBSTA) (collectively, SB50), held in Bonn, Germany, just prior to the present meeting.

14. A representative began by briefing the members on the issue of eligibility for membership on the Board. She recalled that at the Katowice Climate Change Conference in 2018, the CMA had invited the CMP to ensure that parties to the Paris Agreement are eligible for membership on the Adaptation Fund Board. In paragraph 4 of its decision 1/CMP.14, the CMP had decided to do so, and had requested the SBI to consider the matter at its fiftieth session in June 2019 and forward a recommendation to the CMP for consideration at its fifteenth session, in December 2019. The SBI had considered the matter as requested but had been unable to reach agreement at its fiftieth session and would resume discussions at its fifty-first session, in December 2019. The considerations and recommendations to be formulated by the Adaptation Fund Board on the technical work mandated in paragraph 6 of decision 1/CMP.14 would also inform the SBI discussions to be held in December 2019 and should therefore be forwarded as early as possible.

15. Another representative of the UNFCCC secretariat then provided an update on developments in the negotiations on Article 6 of the Paris Agreement. She recalled that in Article 6 of the Paris Agreement, Parties recognized that some Parties may pursue voluntary cooperation in the implementation of their nationally determined contributions to allow for higher ambition in their mitigation and adaptation actions and to promote sustainable development and environmental integrity. Voluntary cooperation would occur along three pathways: cooperative approaches that involved the use of internationally transferred mitigation outcomes towards nationally determined contributions (Article 6, paragraph 2 (6.2)), the mechanism established to contribute to the mitigation of greenhouse gas emissions and support sustainable development (Article 6, paragraph 4 (6.4)) and the framework for non-market approaches to sustainable development (Article 6, paragraph 8 (6.8)). The share of proceeds for adaptation was being discussed under both the negotiations on Article 6.2 and Article 6.4. The guidance for Article 6.2, the rules, modalities and procedures for Article 6.4 and the work programme under Article 6.8 were expected to be agreed as a package. Article 6 was the only substantive element of the Paris Agreement work programme that had not resulted in a substantive outcome at the twenty-fourth session of the Conference of the Parties (COP) to the UNFCCC in Katowice. It had been taken up again by the SBSTA at its fiftieth session, in June 2019, but no agreement was reached, and discussions would resume at the fifty-first session of the SBSTA in December 2019. The progress made to date had not resulted in clarity and consensus on many of the substantive aspects of Article 6, including the share of proceeds for adaptation, nor did it indicate a timeframe for operationalization of the proceeds for adaptation. Hence, the negotiations were not yet at a stage that could inform the work of the Board during the intersessional period.

16. The representatives of the UNFCCC secretariat subsequently responded to questions and comments from the Board members. As a general comment, they explained that they were unable to fully discuss elements still under active negotiation by Parties. The Board might wish to put placeholders in areas where further clarity was needed from SBI or CMP, such as the question of the eligibility of Parties to the Paris Agreement for Board membership.

17. Responding to a question about governance under Article 6.2, the representative of the UNFCCC secretariat said that governance would take a different role depending on the Article 6.2 model decided on by the Parties, and there was currently no clarity of what model the Parties would agree on. With respect to a question on the timeframe for proceeds to become available from Article 6.4, she explained that both monetary and unit forms of proceeds were being discussed. If units were

to be used, the Parties would need to first agree on the design of the mechanism, the mechanism would have to be launched, activities would have to start to deliver and the results would have to be monitored, reported, verified and submitted to a governance institution that would confirm them before the share of proceeds for adaptation on issued units could be applied. The units would then have to be monetized, so there may be a significant lapse of time between a substantive outcome and an agreement on the mechanism and when the activities could actually deliver share of proceeds for adaptation. A scenario where the share of proceeds for adaptation was collected in monetary form may also require considerable time until the Article 6.4 activities' first results could be monitored, reported and verified.

18. Addressing a request from several members for written information on the matter, the representative of the UNFCCC secretariat mentioned that the meeting report would capture the update provided. She also noted that the UNFCCC secretariat was in ongoing discussions with the Adaptation Fund Board secretariat and the World Bank through the work of the task force established in decision B.33/52.

19. The manager of the Board secretariat provided an explanation of how the issues to be discussed at the present meeting took the ongoing negotiations on eligibility for Board membership and the share of proceeds for adaptation into account. The question of eligibility for Board membership was related to the Rules of Procedure of the Board, with a decision expected at the fifteenth session of the CMP to be held in December 2019. The question of the timing of share of proceeds for adaptation had a much less clear timeline, which was part of the reason for the two-stage approach presented in the documents prepared by secretariat, with a transitional period and a subsequent post-transitional period that would start at a given trigger point. The goal of the present meeting was for the Board to provide guidance to the secretariat on the scope of elements to be included in the Board's report to the CMP. It was clear that certain elements could not be discussed because they depended on decisions yet to be taken by the CMP, but others were clearer or rather straightforward, and the secretariat's view was that the Board should focus on those elements.

20. The Board took note of the information provided by the representatives of the secretariat of the UNFCCC.

Agenda Item 5: The arrangements of the Fund with respect to the Paris Agreement.

21. Introducing the item, the manager of the secretariat presented the information set out in paragraphs 8 and 9 of document AFB/B.33.b/3 on matters related to the mandate in paragraph 6 of decision 1/CMP.14.

a) *Terms and Conditions of the trustee services to be provided by the World Bank as interim trustee*

22. The manager of the secretariat introduced the sub-item, presenting the information set out in paragraphs 14 to 19 of document AFB/B.33.b/3 with respect to the terms and conditions of the trustee services.

23. The representative of the trustee then provided a synopsis of the discussion note prepared by the Trustee on the implications of the Paris Agreement decisions on the trustee terms and conditions, as set out in annex I to the document.

24. Much of the ensuing discussion focused on the need to extend the arrangements for trustee services, which would otherwise automatically expire in May 2020. Several members voiced support for ensuring predictability and sustainability of the trustee arrangements. Asked for clarification on

the rationale for the automatic termination clause in the current terms and conditions, the representative of the UNFCCC secretariat explained that the original arrangement had been for interim trustee services, which over the years had remained unchanged. In accordance with previous practice, the Board may wish to recommend the length of the next extension of the interim trustee arrangements to the CMP, which had always accepted Board's recommendations. She also clarified that in the period, during which the Fund serves both the Kyoto Protocol and the Paris Agreement, the Fund and the Board remained under the authority of the CMP, while they remained under the guidance and accountable to the CMA with respect to all matters relating to the Paris Agreement further to decision 1/CMP.14, paragraph 1. The representative of the trustee added that while the trustee had no specific view on the question of termination, the length of the trustee services agreement had implications for flexibility to invest the Fund's liquid assets and for the expectations of potential donors who preferred the stability of a longer period for trustee services.

25. The question of whether the CMP should be asked for clarification related to the trigger that would start the period, when the Fund shall exclusively serve the Paris Agreement and no longer serve the Kyoto Protocol further to decision 1/CMP.14, paragraph 2, was also discussed. Some members felt that the CMP was unlikely to provide any additional clarity on the trigger and it was therefore unwise to ask, while one member was concerned about the uncertainty regarding the length of the transition period given the lack of clarity surrounding the trigger.

26. Having considered decision 1/CMP.14, decision B.33/52, document AFB/B.33.b/3 and its annex I, and the discussions at the additional meeting (AFB.33.b) held in June 2019, the Adaptation Fund Board (the Board) decided to request the secretariat:

- (a) To prepare, in consultation with the World Bank as the interim trustee (the trustee) and the secretariat of the United Nations Framework Convention on Climate Change, draft amendments to the Terms and Conditions of the trustee services to be provided by the World Bank as the interim trustee (T&Cs);
- (b) To share the draft amendments to the T&Cs with the Task Force established in decision B.33/52 for its guidance and input; and
- (c) To incorporate the guidance and input of the Task Force into the draft amendments to the T&Cs and present them to the Board for its consideration and decision at its thirty-fourth meeting.

(Decision B.33.b/1)

b) Institutional arrangement (MoU) with GEF for Secretariat services to AFB

27. The manager of the secretariat presented the information set out in paragraphs 10 to 13 of document AFB/B.33.b/3 with respect to the memorandum of understanding with the Global Environment Facility (GEF) for the provision of secretariat services to the Board.

28. In the ensuing discussion, there was general support for a recommendation to the CMP to extend the memorandum of understanding with the GEF. There was some question as to whether the CMA would need to be a party to the memorandum of understanding, in response to which the representative of the UNFCCC secretariat clarified that during the period when the Fund serves both the Kyoto Protocol and the Paris Agreement, the Adaptation Fund Board remained under the authority of the CMP as well as under the guidance and is accountable to the CMA with respect to all matters relating to the Paris Agreement. It is assumed that the CMP would hand over authority to the CMA once the Fund began serving exclusively the Paris Agreement. In the light of that information, concerns were expressed regarding the uncertainty surrounding the duration of the

length of the period when the Adaptation Fund serves the Kyoto Protocol and the Paris Agreement and the implications for the termination date of the memorandum of understanding. On the question of the termination date, the representative of the Board secretariat said that in the past, when the memorandum of understanding has been extended by a decision of the CMP, the CMP has specified the termination date in its decision.

29. Responding to a request for clarification, the manager of the secretariat explained that secretariat services were provided by the GEF Secretariat but pursuant to the relevant CMP decisions were provided by dedicated, functionally independent team that reported to the Board rather than the GEF Council. The model had worked well over the years as the secretariat benefited from the hosting arrangement between the World Bank and the GEF Secretariat, providing support services while maintaining functional independence from those organizations.

30. Having considered decision 1/CMP.14, decision B.33/52, document AFB/B.33.b/3 and the discussions at the additional meeting (AFB.33.b) held in June 2019, the Adaptation Fund Board (the Board) decided to request the secretariat:

- (a) To prepare, in consultation with the secretariat of the Global Environment Facility (GEF) as the interim secretariat and the secretariat of the United Nations Framework Convention on Climate Change, draft amendments to the memorandum of understanding with the GEF for secretariat services to the Adaptation Fund Board (MoU);
- (b) To share the draft amendments to the MoU with the Task Force established in decision B.33/52 for its guidance and input; and
- (c) To incorporate the guidance and input from the Task Force into the draft amendments to the MoU and present it to the Board for its consideration and decision at its thirty-fourth meeting.

(Decision B.33.b/2)

Agenda Item 6: Implications of the Fund receiving the share of proceeds from activities under Articles 6, 12 and 17 of the Kyoto Protocol when the Fund serves the Paris Agreement

31. Introducing the item, the representative of the trustee presented the information set out in paragraph 20 of document AFB/B.33.b/3. The Trustee noted that the first issue would be with respect to the form of the share of proceeds and whether it would be in units or cash. If in cash, then the first consideration would be which entity collected the resources and then transferred them to the trustee, which would require a legal arrangement among the entity and the Trustee to receive the funds. More work would be required if the share of proceeds was in the form of units; as there was no certainty as to what form they would take, nor how they would be monetized. If the Board were to request the Trustee to monetize the units, due diligence would be required, to include ensuring that the infrastructure was in place to transfer the units. The representative of the Trustee reminded the Board that for the initiation of the monetization of CERs there had been a need to connect various national and international systems, which was outside the scope and control of the World Bank, as trustee. There were a number of steps that had already been clearly outlined under agenda item 5 (a) and would need to be undertaken before any such units could be monetized. Another issue was the monetization of the remaining Kyoto Protocol carbon assets at the Clean Development Mechanism (CDM); any decision would need to include modalities to monetize remaining carbon credits at the CDM. The Trustee also reminded the Board that there remained a very limited market for those credits.

32. The representative of the Trustee said that the receipt of units as a share of proceeds would come with a number of additional steps and requirements that the trustee would need to go through as was done for the monetization of CERs. He recalled that when the Assigned Amount Units (AAUs) and Emission Reduction Units (ERUs) had been added to the Share of Proceeds this included engaging internal and external counsel to review issues such as tax and regulatory implications of monetizing these units, with attendant borne by the Adaptation Fund Trust Fund. The representative of the Trustee noted that the administrative costs to the Fund of receiving cash contributions would likely be less than those associated with monetizing an as yet unknown asset, reminding the Board that cost of the current monetization of the CERs was approximately US\$ 200,000 per year.

33. The decision taken on the matter by the Board was incorporated into Decision B.33.b/3 (see paragraph 51 of the present report).

Agenda Item 7: Discussion on amendments which require adoption by CMP and/or CMA:

34. Introducing the item, the representative of the secretariat presented the information set out in paragraph 21 of document AFB/B.33.b/3 on matters related to the mandate in paragraph 6 of decision 1/CMP.14.

a) The rules of procedure of the Board

35. Introducing the subitem, the representative of the secretariat presented the information set out in paragraphs 22 and 23 of document AFB/B.33.b/3 and the introduced document AFB/B.33.b/3/Add.1, which highlighted the sections of the rules of procedure (RoP) that the Board may want to review with a view to identifying a need of amendment.

36. It was pointed out that while the secretariat had noted the provision on the overriding authority of the Kyoto Protocol it had not highlighted the provisions on the amendments to the RoP, and it was observed that one approach might be to indicate which of the RoP would be an “easy fix” and which would require further work later. As an example of an “easy fix”, it was suggested that when the Board reported to the CMP it could request that the report be transmitted to the CMA during the transition period. However, those items that were linked to the issue of eligibility for Board membership would need to await the relevant decision by CMP before making any changes to the RoP and in those cases it would only be possible to indicate where further work would be required once there was a conclusion of the elements of Article 6, the outcome of which might trigger a number of changes in the rules of procedure that could be significant. It was asked if it was necessary to make any recommendation with respect to the amendments to the rules of procedure and it was suggested that the Board needed to avoid amending the rules of procedure. It was also noted that the rules of procedure may need to be amended again for post-transitional period where the Fund exclusively serves the Paris Agreement.

37. The representative of the secretariat said that the Board had been requested to consider, inter alia, the rules of procedure of the Board and make recommendations to CMP15, with a view to forwarding those recommendations to CMA2. That request did not explicitly mention amendments to the rules of procedure and the secretariat had not interpreted the request as meaning that the Board was obligated to conclude on any proposed amendments before it submits its report to CMP15, especially as the amendments would be incomplete at the present time. She said that the Rules of Procedure were one to the governing documents of the Fund and it would be undesirable to repeatedly modify them.

38. It was observed that the Fund was in a transitional period where it is serving both the Kyoto Protocol and the Paris Agreement and until it started to exclusively serve the Paris Agreement the

Board should not be in a rush to propose any amendments to the Rules of Procedure. The current arrangements with the Global Environment Facility and the Trustee, seemed to be adequate.

39. It was also observed that the Board needed to look at the way in which the work of the Fund was organized and consider whether changes were required during the transitional period. Looking at the sections of the rules of procedure that had been highlighted by the secretariat it seemed that most of the rules of procedure were unaffected by the transitional period. The Board should identify those parts which would need to change later and not propose changes at the present time as drafting such amendments might not be in line with the mandate it had been given.

40. The issue needed to be considered by the task force established in decision B.33/52. The secretariat should go through the rules of procedure and develop a matrix that indicated those elements that were potentially simple fixes and flag those issues that could not be considered now because they were tied to the issue of eligibility.

41. With respect to a query as to why the section of the document on the overriding authority of the Kyoto Protocol had been highlighted for amendments when the amendments to the rules of procedure had not, the representative of the secretariat explained that the latter had not been highlighted because any changes to the current rules of procedure would need to be adopted by the CMP, and therefore that section does not need a change during transitional period. However, once the trigger occurred, amendment to the section may be required to ensure that the Fund exclusively served the Paris Agreement. The section on the overriding authority had been highlighted because the Fund is now serving not only the Kyoto Protocol but also the Paris Agreement, and that the Board may want to look into whether amendment to the section is needed.

42. The decision taken on the matter by the Board was incorporated into Decision B.33.b/3 (see paragraph 51 of the present report).

b) Strategic Priorities, Policies and Guidelines of the Fund (SPPG, contained in Annex I to OPG).

43. Introducing the subitem, the representative of the secretariat presented the information set out in paragraphs 24 and 25 of document AFB/B.33.b/3 and introduced document AFB/B.33.b/3/Add.2, which highlighted the sections of the strategic priorities, policies and guidelines (SPPGs) that could be subject to amendment. She said that certain sections of the SPPGs addressed the eligibility of Parties to the Kyoto Protocol to access resources from the Fund and the secretariat had highlighted those sections that might need to be considered given that the Fund serves both the Kyoto Protocol and the Paris Agreement during the transitional period, and that there are countries that are Parties to either of the two treaties, not both, although these gaps could be bridged in the future. She said that other sections had been highlighted that addressed the information that eligible Parties should consider when developing projects and programmes to be funded by the Adaptation Fund. Currently that included information from the reports of the Intergovernmental Panel on Climate Change (IPCC) and that generated under the Nairobi work programme, and she said that the Board might wish to consider whether those elements might need to be updated as well, such as the Cancun Adaptation Framework and the reports of the Adaptation Committee.

44. In the discussion that followed it was clarified that there was no issue with considering the information from the IPCC and that it had only been highlighted because other sources of information might need to be included as well. To that end the linkages with the other institutions and committees that had been established under the UNFCCC needed to be identified and presented in a table by the secretariat and included in an addendum to the Board's report to CMP. It was pointed out that the Nationally Determined Contributions (NDCs) under the Paris Agreement were not currently

mentioned in the documents. They may need to be reflected and it was asked whether the secretariat currently did that in practice.

45. There was reluctance to put the document forward as it was not explicitly mentioned in paragraph 6 of decision 1/CMP.14 as one of the tasks that the Board had to consider; the highlighted sections chiefly addressed the issue of eligibility of the Parties to access resources from the Fund. During the transition period the SPPGs could be maintained as they were and the Fund could continue with its current practice.

46. The manager of the secretariat confirmed that in practice, both the NDCs and National Adaptation Plans were already considered in the review of project/programme proposals submitted by implementing entities.

47. In response to a query as to why the secretariat had raised the issue if the CMP had not requested the Board to consider it, the representative of the secretariat explained that when looking at the policies and governing instruments of the Fund the link between the SPPGs and the rules of procedure had been noticed and therefore the issue had been brought to the attention of the Board. It was suggested that the next step should be for the secretariat to prepare a document that included all the issues. There was no need to take a decision at the present meeting, but the report should be prepared for consideration by the Board at its thirty-fourth meeting. What would also help would be some additional reflections on the issues by the task force. The report of the Board to the CMP should demonstrate that the Board had undertaken the tasks mandated by the CMP, which would help Parties provide further guidance and/or make relevant decisions related to the Fund and the Board. Additionally, there was the need to reflect the notion of having a transitional period which would be followed by a post transitional period once the Fund exclusively served the Paris Agreement, as that might have implications for the revision the SPPGs.

48. The decision taken on the matter by the Board was incorporated into Decision B.33.b/3 (see paragraph 51 of the present report).

Agenda Item 8: Any other matter so as to ensure the Fund serves the Paris Agreement smoothly

49. The manager of the secretariat presented the information set out in paragraph 26 of document AFB/B.33.b/3 with respect to any other matters so as to ensure the Fund served the Paris Agreement smoothly.

50. It was suggested that it would be useful to ensure that the addendum to the report to the Conference of the Parties reflected the understanding that although the OPG would need amendment to reflect the decisions of the CMP and CMA related to the Fund serving the Paris Agreement, the other policies did not appear to require any major revisions at the present time as some of them had recently been updated, or were in the process of being updated, and that pending the resolution of the outstanding issues with respect to eligibility it had not been possible to be sure of all the necessary changes that were required at the present time.

51. Having considered decision 1/CMP.14, decision B.33/52, document AFB/B.33.b/3 and its annex I, and the discussions at the additional meeting (AFB/B.33.b) held in June 2019, the Adaptation Fund Board (the Board) decided to request the secretariat:

- (a) To prepare a proposal for the Board's consideration and recommendation related to the Rules of Procedure of the Adaptation Fund Board;

- (b) To draft, in consultation with the World Bank as the interim trustee (the trustee) and the secretariat of the United Nations Framework Convention on Climate Change, a proposal for the Board's consideration and recommendation related to the "implications of the Adaptation Fund receiving the share of proceeds from activities under Articles 6, 12 and 17 of the Kyoto Protocol when the Adaptation Fund serves the Paris Agreement";
- (c) To draft a proposal for the Board's consideration and recommendation related to "any other matter so as to ensure the Adaptation Fund serves the Paris Agreement smoothly";
- (d) To prepare a document containing the draft proposals referred to in subparagraphs (a), (b) and (c) and share it with the Task Force established in decision B.33/52 for its guidance and input; and
- (e) To incorporate the guidance and input from the Task Force into the document and present it to the Board at its thirty-fourth meeting for its consideration and decision related to the tasks mandated by decision 1/CMP.14, to be included in the draft addendum to the report of the Board to the fifteenth session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol.

(Decision B.33.b/3)

Agenda Item 9: Dialogue with civil society organizations

52. The report of the dialogue with civil society is contained in Annex III to the present report.

Agenda Item 10: Implementation of the code of conduct

53. The Chair drew attention to the Code of Conduct and Zero Tolerance Policy on fraud and corruption, which were posted on the Fund website, and asked whether any member had any issue to raise. She reminded the Board that at its nineteenth meeting, the Board had decided to address the item relating to the code of conduct as the last substantive item on its agenda at every Board meeting (Decision B.28/41).

54. In the discussion that followed it was suggested that it might be no longer necessary to continue raising the issue at each meeting as all new members were made aware of the code of conduct when they joined the Board. However, as the issue of the code of conduct had been raised it might be opportune to continue the discussion of the scope of the rules on the conflict of interest as there had been insufficient time to complete those deliberations at the previous meeting of the Board. It was observed that the members and alternates were elected by their constituencies and not by their countries, and it was asked why the members and alternates needed to leave the meeting room when issues related to their countries were discussed but were not required to do so during the discussion of issues that related to their constituencies.

55. The Chair said that although the matter was indeed outstanding from the previous meeting of the Board, further deliberations related to conflicts of interest should continue at a future meeting of the Ethics and Finance Committee.

Agenda Item 11: Other matters

56. No other matters were raised for discussion at the meeting.

Agenda Item 12: Adoption of the report

57. The present report was adopted intersessionally by the Board following its additional meeting.

Agenda Item 13: Closure of the meeting

58. Following the customary exchange of courtesies, the Chair declared the meeting closed at 11:00 a.m. on 29 June 2019.

ANNEX I**ATTENDANCE AT THE ADDITIONAL 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 Viñas	Dominican Republic	Latin America and the Caribbean
Mr. Chebet Maikut	Uganda	Least Developed Countries
Mr. Nilesh Prakash	Fiji	Small Island Developing States
Ms. Claudia Keller	Germany	Western European and Others Group
Ms. Eleonora Cogo	Italy	Western European and Others Group
Ms. Sylviane Bilgischer	Belgium	Annex I Parties
Mr. Mattias Broman	Sweden	Annex I Parties
Mr. Charles Mutai	Ghana	Non-Annex I Parties

ALTERNATES		
Name	Country	Constituency
Mr. Mohamed Zmerli	Tunisia	Africa
Ms. Sheida Asgharzadeh Ghahroudi	Iran	Asia-Pacific
Mr. Ahmed Waheed	Maldives	Asia-Pacific
Mr. Philip Weech	Bahamas	Latin America and the Caribbean
Mr. Paul Elreen Phillip	Grenada	Small Island Developing States
Ms. Susan Castro-Acuña Baixauli	Spain	Western European and Others Group
Mr. Patrick Sieber	Switzerland	Annex I Parties
Mr. Evans Njewa	Malawi	Non-Annex I Parties

ANNEX II**ADOPTED AGENDA OF THE ADDITIONAL MEETING OF THE ADAPTATION FUND BOARD**

1. Opening of the meeting.
2. Organizational matters:
 - a) Adoption of the agenda;
 - b) Organization of work.
3. A brief recapitulation of relevant procedural steps related to Adaptation Fund Board's tasks mandated by Decision 1/CMP.14 and the secretariat's report on progress.
4. Outcome and/or status of negotiations at SB 50 on matters related to Adaptation Fund.
 - a) SBI 50 consideration and recommendation on the eligibility for membership on Adaptation Fund Board.
 - b) Matters relating to Article 6 of Paris Agreement, particularly on Article 6, paragraph 4.
5. The arrangements of the Fund with respect to the Paris Agreement.
 - a) Terms and Conditions of the trustee services to be provided by the World Bank as interim trustee.
 - b) Institutional arrangement (MoU) with GEF for Secretariat services to AFB.
6. Implications of the Fund receiving the share of proceeds from activities under Articles 6, 12 and 17 of the Kyoto Protocol when the Fund serves the Paris Agreement.
7. Discussion on amendments which require adoption by CMP and/or CMA.
 - a) The rules of procedure of the Board.
 - b) Strategic Priorities, Policies and Guidelines of the Fund (SPPG, contained in Annex I to OPG).
8. Any other matter so as to ensure the Fund serves the Paris Agreement smoothly.
9. Dialogue with civil society organizations.
10. Implementation of the code of conduct.
11. Other matters.
12. Adoption of the report.
13. Adoption of the report.
14. Closure of the meeting.

ANNEX III

REPORT OF THE DIALOGUE WITH CIVIL SOCIETY, 28 JUNE 2019, BONN, GERMANY

1. The Chair of the Adaptation Fund Board (the Board), Ms. Sylviane Bilgischer (Belgium, Annex I Parties), invited the Board to enter into a dialogue with civil society organizations (CSOs).
2. Ms. Mariam Devidze, Association “Green Alternative”, Georgia introduced the Adaptation Fund NGO Network, a global coalition of more than 250 associated CSOs that aimed to support those most vulnerable to climate change and ensure that they benefited from the Adaptation Fund. To further that, they monitored the implementation of the Fund’s projects, provided independent on-the-ground insights into the Fund’s activities and drafted policy recommendations for the Board. She explained that Germanwatch acts as the secretariat of the Network, which was organized into regional hubs. The governing body of the Network consisted of 11 core CSOs which represented the interests of the most vulnerable people in their regions.
3. She also introduced her organization which was a member of the governing body of the Network, and whose mission was to protect the biological and cultural heritage of Georgia by: providing economically sound and socially acceptable alternatives, establishing principles of environmental and social justice and encouraging public participation in the decision-making process. She highlighted the main thematic areas being addressed, in particular the monitoring of lending by international financial institutions and the flow of international finance into Georgia. Based on the experience of Georgia, she proposed a number of recommendations to the Board. With respect to the Multilateral Implementing Entities (MIEs), she said that those which had been operating in Georgia had appeared not to have cooperated well with each other, even when working together on cross-cutting projects; instead their relations were perceived as a more competition-based. Those MIEs also generally hired international experts rather than utilizing local experts and resources.
4. She recommended that the direct access modality be strengthened, which would help ensure that the MIEs subsequently contribute to the development of local capacity. She also recommended that the country cap be increased, and observed that as Georgia had already reached its cap by using MIEs there is no longer any incentive for Georgia to have a national implementing entity (NIE) accredited with the Fund. The funding of the NIEs should be made a priority and greater efforts should be undertaken to ensure that the NIEs, and the Designated Authorities (DAs) were aware of the readiness grants. A guidance document should be prepared for the DAs that provided guidelines and procedures for their cooperation with the MIEs. With respect to ensuring country ownership of regional projects, she said that countries were not always involved in the preparation of project proposals and that the DAs were sometimes pressured to sign off on the project documents. In closing, she said that there was a need to further raise awareness about the activities of the Adaptation Fund; decision makers and civil society were applying to other funds when they could receive funding from the Adaptation Fund instead. She assured the Board that the Green Alternative would continue to cooperate with other CSOs in the region regarding the processes of the Adaptation Fund and support its projects.
5. Ms. Gitika Goswami, Senior Programme Director, Development Alternatives Group, India, spoke on the role of civil society in the implementation of Adaptation Fund projects based on her experience in India. She said that the vision of her group was a world in which every citizen could live a secure, healthy, and fulfilling life in harmony with nature. Her group’s mission was to connect practice to policy development and create models that generated sustainable livelihoods through the application of the principles of: fairness, responsibility, inclusive participation, holistic planning

and the minimization of risk. She said that her group was active in Africa, India and South-East Asia. She provided an overview of six projects being funded by the Adaptation Fund in India and the lessons that had been learnt from one project with respect to climatic and socio-economic issues. She particularly noted the inclusion of women and youth, and their engagement with local government and academic institutions. Participatory planning and regular engagement with communities had been the key to the success of the project. Some lessons were that: site specific climate advisory services had to be incorporated in all adaptation projects; the inclusion of women and youth made the interventions easier to adopt; common cultural and contextual linkages led to better reception by communities; the documentation of successful case studies in similar localities led to better reception across countries; and that exchange workshops and visits to those that had benefited from the projects were useful for implementing similar projects. In closing she recommended that the Board consider lifting the country cap for countries with vulnerable populations; the projects being reported on, although small in terms of the area covered, had a huge effect on such populations. She said that the best practices of Fund should be shared among countries and that civil society should be involved in capacity development, communication and advocacy in addition to its existing execution and monitoring role. Good practices, and the results of successful projects, should be shared, replicated and promoted in other similar geo-climatic zones in other countries and regions. However, the complexity in the process of releasing funds to the executing agencies had to be reduced, and the application procedure for the Fund's projects needed to be made simpler to ease access of funds by small non-governmental organizations (NGOs). There should also be more awareness raising about the availability of project formulation grants.

6. In the discussion that followed, civil society was asked what could be done to improve the country ownership of the projects, which seemed to be a particular problem for regional projects and programmes. The expectation of the Board was that the MIEs would strengthen country capacity and that there would be cooperation between them and not competition among them. It was also observed that while CSOs had both an advocacy and a policy role, their focus should be on reporting the problems occurring "on the ground". Those presenting were asked whether their organizations had been involved in developing national policies and whether raising the country cap would in fact increase interest in accrediting NIEs with the Fund. It was observed that a recurring set of issues had been raised: the predictability of funding, country ownership and awareness of the availability of funding grants. It was also pointed out that the Board of the Green Climate Fund (GCF) ensured that one of its meetings each year was held in a beneficiary country to enable Board members could see what was happening on the ground and meet with the local stakeholders. It was also observed that in Georgia one of the projects of the Adaptation Fund had later been scaled up by funding from the GCF.

7. With respect to capacity-building, Ms. Goswami gave the example of a man who had abandoned formal learning early in his life but had later been trained in beekeeping through one of the projects and was now training others to do the same. She also explained, with respect to a query about the effects of fog, that fog had the potential to ruin a harvest. With respect to social forestry, she said that in her country it had taken place on land held in common that was being reforested after it had been rendered barren by previous deforestation.

8. Ms. Mariam Devidze stressed the difficulties faced by those government agencies working on climate issues, including being often understaffed. She also said while Georgia would like to have an NIE there would be no opportunity for Georgia to make use of one if the country cap was not increased.

9. The Chair thanked the representatives of civil society for their presentations.