

# Climate Finance Advisory Service



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## Daily Briefing

### 28<sup>th</sup> Adaptation Fund Board Meeting (7 October 2016)

This is the Climate Finance Advisory Service (CFAS) Daily Briefing. Produced at key meetings and negotiations by the CFAS expert team, the Daily Briefings try to provide a concise, informative update on key discussions that have taken place at each day of the meeting and give an overview of substantive points of action or progress. Please note that this is an independent summary by CFAS and not officially mandated by the AF Board or Secretariat.

During the meetings, CFAS experts are available to provide advice to and answer specific questions for Board Members, Alternates and their advisers from developing countries. The CFAS team can be reached via [cfas@germanwatch.org](mailto:cfas@germanwatch.org).

Previous daily briefings and other CFAS analyses are available on the **new CFAS website** [www.cfas.info](http://www.cfas.info).

The CFAS Team

## Summary from 7 October 2016

On Friday, 7 October 2016, the Adaptation Fund (AF) Board concluded its 28<sup>th</sup> meeting, addressing the remaining items on its agenda.

### Medium-Term Strategy

At the previous AFB meeting, the Board deliberated on the Fund's overall strategic direction, resulting in a request to the Secretariat to prepare and present options for a framework for a medium-term strategy for the AF, taking into account the findings of Phase I of the Overall Evaluation of the Fund, as well as matters regarding the Fund's financial situation; progress made on accreditation and readiness; the allocation of funds; and potential linkages between the AF and the Green Climate Fund.

After discussing the issue in a closed session, the Board decided to establish a task force to guide the work of the Secretariat on this matter. As a first step, the task force was requested to arrange a meeting at the margins of the Conference of the Parties (COP) in Marrakesh. Furthermore, the Secretariat was requested to revise the options for the medium-term strategy, which will be reconsidered by the Board at its next meeting, with the view of agreeing on the final strategy by AFB 30 in October 2017.

## **Potential linkages with GCF**

Resuming the discussion from day one, the Board agreed on a decision regarding potential linkages with the Green Climate Fund (GCF). Accordingly, the AFB Chair and Vice-Chair will nominate representatives of the Fund that will attend the first annual dialogue in Samoa, initiated by the GCF in order to enhance complementarity and coherence. Furthermore, the Secretariat and the AF Chairs were requested to continue discussions and consultations on potential linkages between the two funds with the GCF Secretariat and the GCF Chairs accordingly. Progress regarding this topic will be reported to the Board at the next meeting.

## **Resource Mobilization Strategy**

The Resource Mobilization Task Force presented an updated resource mobilization strategy for the Fund. Accordingly, it was suggested to consider updating the annual funding target to over a USD 100 million in the coming years. Moreover, it was emphasized that the decision whether or not the AF would serve the Paris Agreement would be crucial regarding the topic of resource mobilization. In new resources, it was noted that the private donor market has not been a viable option in the past, a fact that should be kept in mind when considering future funding options for the AF. Rather, the task force pointed out that governments will continue to play an important role to bridge the funding gap until alternative sources are in place. Last but not least, it was emphasized that the GCF as an alternative source of revenue still represents an option that should be discussed in the future.

Board members welcomed the report of the task force and approved the updated resource mobilization strategy. In addition, the secretariat was requested to develop a resource mobilization action plan, based on the updated strategy, while also taking into account the options for a framework for a medium-term strategy discussed earlier.

## **Report of the Programme and Programme Review Committee**

As usual, the Project and Programme Review Committee (PPRC) delivered its report on the activities undertaking prior to the official meeting.

### Prioritization among regional project and programme proposals

Following a recommendation by the PPRC, the Board decided on a prioritization among regional project and programme proposals, in case proposals recommended to be funded exceeded the available slots under the dedicated pilot programme. The Board agreed on a three-tier prioritization system which aims to maximize the total diversity of projects. The first tier of prioritization is giving preference to less funded sectors; the second tier will give preference to less funded regions; while the third tier will prioritize relatively less represented implementing entities. With regards to financing regional proposals beyond the pilot programme, the Board decided to continue considering regional proposals and establish two pipelines for technically cleared regional proposals (one for proposals of up to USD 5 million and one for proposals of up to USD 14 million). In order to fund the two pipelines, funds available for the respective types of implementing entities will be used.

## Project/Programme Proposals

After having agreed on this decision, the Board started reviewing the project and programme proposals submitted to the Board for approval. For the 28<sup>th</sup> meeting, 8 single-country fully-developed project proposals, 9 single-country project concepts, and 11 regional project proposals (incl. concepts and pre-concepts) were submitted to the Board, amounting to USD 198.92 million. Out of the 8 submitted single-country projects, two were approved - one proposal by the National Bank for Agriculture and Rural Development (NABARD) for India and one proposal by UN-Habitat for Laos. In addition, 5 out of the 9 single-country concept notes were endorsed by the Board, including 2 small-size concept proposals from the Desert Research Foundation of Namibia (DRFN).

Regarding the regional projects and programmes none of the 4 fully-developed regional project proposals were approved by the Board. However, the two submitted regional pre-concepts – one from the Sahara and Sahel Observatory (OSS) and one from UN-Habitat – were endorsed, as well as 3 out of the 5 regional concepts.

## Other matters

Given the need for continued review and approval of readiness grant proposals intersessionally and annually, the AFB requested the Secretariat to continue reviewing readiness grant proposals and to present at the 20<sup>th</sup> meeting of the PPRC – and from there onwards on an annual basis – an analysis of the intersessional review cycle. In a further decision, the Board followed the recommendation of the PPRC and cancelled the readiness project and grant for the National Implementing Entity (NIE) of Burundi. Last but not least, the Board requested the Secretariat to propose options on how post-implementation learning and impact evaluations could be arranged for AF projects and programmes.

## **Report of the Secretariat on the Readiness Programme**

The report covered activities held from 1 April to 30 September 2016, during which the Secretariat organized a readiness webinar for NIEs enabling them to share country experiences. Among other activities, a workshop for francophone countries in Morocco from 3–5 May; a LAC region workshop from 7–9 June in Honduras; and a NIE seminar from 13–15 July in Washington, D.C. were held, which provided NIEs with the opportunity to comment and reflect on the new gender policy and other relevant issues. On knowledge management, the Secretariat continued to provide content and to share knowledge and information through the Fund's readiness website ([www.climatefinanceready.org](http://www.climatefinanceready.org)) in collaboration with the Climate and Development Knowledge Network. A call for grant proposals was launched to support readiness activities, and applications were received for South-South cooperation and other areas. The readiness programme has benefited NIEs and countries seeking the AF accreditation and strengthened their collaboration. Challenges such as fulfilling accreditation requirements, accessing information and guidelines for accreditation applications, language barriers for non-English speaking countries were raised. Requests were made for more peer-to-peer learning where accredited entities can mentor those seeking accreditation and for further regional workshops like the previous ones.

In the past, the readiness programme has performed well, with one NIE from a Small Island Developing State (SIDS) accredited, as well as 19 project proposals received by the Secretariat, including nine from NIEs, two from SIDS and two from Least Developed Countries (LDCs). The Board

welcomed the report, encouraging the Secretariat to enhance its collaboration with the GCF on readiness activities, to pursue regional workshops and webinars, and to take into consideration all raised challenges and gaps in future planning.

### **Report of the secretariat on Communication and Outreach activities**

From March to September 2016, the Secretariat produced 18 news releases, 3 project stories, and 26 short stories, contributing to raise the AF profile. The AF website was viewed 220,642 times and recorded 22,165 visitors from March to August. Traditional media channels like press releases, photos, reports, newsletters were expanded through email lists reaching up to 29% of the average rate. During COP 22, the Secretariat plans to run a micro site where activities, achievements, financing targets and other initiatives will be featured. Furthermore, a side event on agriculture will be hosted, a multimedia exhibit showcasing photos and videos on gender and climate change will take place, and a new AF flyer and Story Bookmark will be promoted.

The Board welcomed the report and advised the Secretariat to build partnerships with relevant institutions, in order to expand its communication and outreach goals, and to strongly focus them on the AF relevance for climate action using NIE stories.

### **Financial Issues**

As usual, the AF Trustee reported to the Board on financial issues. It was noted that sales of Certified Emission Reductions (CERs) have yielded USD 2 million in Fiscal Year 2016. The Fund also continued to receive donations from developed countries and sub-national governments. Overall, cumulative resources received into the Adaptation Fund Trust Fund through CER sales proceeds and donations were USD. 559.09 million as of 30 June 2016. Since the start of the CER monetization program in May 2009, the Trustee has generated revenues of USD 196.58 million through CER sales, whereas cumulative donations received from developed countries and sub-national governments amounted to USD 344.76 million.

The report concluded that the Trustee's mandate will expire in May 2017, and it is expected that the Conference of the Parties serving as the Meeting of the Parties to the Kyoto Protocol (CMP) makes a new decision at COP22 about whether or not to extend the mandate beyond the current one.

### **Election of Officers**

The Chair reminded the mandate of the officers serving in the AF Board, and their distribution among eligible Parties to the elections. He listed all open positions, and invited members to nominate their candidates. The nomination process was questioned by a few members, allowing the Chair to address all concerns and evoke the importance of ensuring the process stays within the official practice so that only eligible applicants can be nominated. All the nominations made were welcomed by the Chair who opened the floor for comments. By the end of the nominations and discussions, the Board elected its new Chair, Mr. Michael Kracht (Germany), as well as the Chair and Vice-Chair of the Accreditation Panel, Ms. Fatuma Mohamed Hussein (Kenya) and Ms. Yuka Greiler (Switzerland).

## Date of next Board Meetings

Before closing the meeting, the dates for the next AF Board meetings were agreed. Accordingly, AFB 29 will be held from 14–17 March 2017, while AFB 30 will be held from 10–13 October 2017.

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