



Daily Briefing
30th Adaptation Fund Board Meeting
13 October 2017

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 AFB or its 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.

Previous daily briefings and other CFAS analyses are available on the **new CFAS website** www.cfas.info.

The CFAS Team

Summary from 13 October 2017

On Friday, 13 October 2017, the Board of the Adaptation Fund (AF) concluded its 30th meeting in Bonn, Germany, addressing the remaining items on its agenda.

Report of the Ethics and Audit Committee

As usual, the Ethics and Finance Committee (EFC) presented its report to the Board. Among the most important issues the Board approved the Adaptation Fund's Annual Performance Report for the fiscal year 2017. The report compiles information on all requests received from implementing entities in 2017, covering issues such as disbursement schedule revisions, budget revisions and proposed project extensions. It was highlighted that for the first time, the report included a section on gender and a regional analysis on project and programme approvals.

Furthermore, the EFC presented options for an evaluation function and an outline of the indicative three-year evaluation work plan and estimated cost implications. The costs are based on two options for the evaluation function of the Fund, the first being through the Global Environment Facility Independent Evaluation Office (GEF IEO) and the second being through a Technical Evaluation Reference Group (TERG). Following the recommendation from the EFC, the Board decided to approve the option of re-establishing a long-term evaluation function for the AF through a TERG, as it was seen as being more cost-efficient, flexible and contributing to the capacity building of Secretariat staff. Accordingly, the Secretariat was requested to make the necessary arrangements for setting up the TERG, including the elaboration of terms of reference and the recruitment of experts.

Lastly, the Board also took note of the update of the second phase of the overall evaluation of the Fund.

Financial status of the Trust Fund

The AF Trustee, the World Bank, reported to the Board on financial issues. The sale of Certified Emission Reductions (CERs) in the reporting period continued at a modest pace, with 22,000 tons sold generating around USD 0.33 million. Since the last AF Board meeting, no new donations were received, leaving funds for new project and programme approvals at USD 185.89 million as of June 30th, 2017.

Since the start of the CER monetization program in May 2009, the Trustee has

generated revenues of USD 197.82 million through CER sales, whereas cumulative donations received from developed countries and sub-national governments amounted to USD 442.40 million. Overall, cumulative resources received into the Adaptation Fund Trust Fund through CER sales proceeds and donations were USD 640.22 million.

Potential linkages with the Green Climate Fund

Before engaging in prolonged discussions on the issue of potential linkages with the Green Climate Fund (GCF) in a closed session, the Secretariat briefly updated the Board and observers about the progress made since the mandate to explore operational linkages with the GCF was given back at the AF Board's 24th meeting. Since then, the AF Secretariat has maintained a continuous dialogue with the GCF Secretariat in the areas identified to enhance complementarity, namely accreditation, readiness support, results-based management and the project pipeline. At its 17th meeting in July 2017, the GCF Board adopted an Operational Framework on Complementarity and Coherence with other climate finance delivery channels, consisting of four operational pillars: (i) Board-level discussions on fund-to-fund arrangements; (ii) Enhanced complementarity at the activity level; (iii) promotion of coherence at the national programming level; and (iv) complementarity at the level of delivery of climate finance through an established dialogue. The AF Secretariat highlighted that efforts already have been made between the two funds in regards to Pillars ii), iii) and iv). It was reiterated that the two potential options for the establishment of an operational linkage with the GCF, which have also already been discussed by the AF Board at previous meetings, are either through accreditation of the AF as an intermediary at the GCF or by signing an ad hoc agreement or Memorandum of Understanding (MoU).

Before moving into a closed session, Board members raised some questions, e.g. seeking clarity on the nature of the envisaged "annual dialogue" between the GCF and other climate finance delivery channels; the legal implications of signing an MoU; and the estimated duration of embarking into an accreditation process.

Ultimately, the Board decided to request the Chair and Vice-Chair to attend the annual dialogue initiated by the GCF in order to enhance complementarity and coherence between both funds. Furthermore, the Secretariat was requested to initiate the process of accreditation with the GCF. The Secretariat will prepare an assessment of options for fund-to-fund arrangements, as described in Pillar I in the GCF's operational framework for complementarity and coherence. In addition, an information document will be produced, outlining the comparative advantages of the AF for the purposes of Board-level discussions on fund-to-fund arrangements, including joint financing and the decision-making process. Last but not least, the Secretariat will pursue discussions with the GCF Secretariat on concrete activities in the area of complementarity and coherence, as identified by the Board at its 26th meeting.

Medium-term Strategy for the Fund

In the afternoon, the Board reconvened to discuss the Medium-Term Strategy (MTS) for the Fund for 2018-2022. Comments made by Board members on the previous day were captured in a revised version which was presented by the Secretariat, including an overview of adaptation dedicated climate funds for the past years in a detailed graph, integration of clear relationship linkages between the draft MTS with the Paris Agreement rather than with the UN Sustainable Development Goals, and reference to the share of proceeds under Article 6 paragraph 4 of the Paris Agreement.

With no further comments raised by members, the Board decided to adopt the MTS for the AF for the period 2018-2022, requesting the AF Secretariat to broadly disseminate the strategy and work with key stakeholders and to build understanding and support around it. In addition, the Board requested the Secretariat to prepare, for consideration at its thirty-first meeting and under the supervision of the Medium-Term Strategy task force, a draft implementation plan for operationalizing the strategy, which should include a draft budget and address key assumptions and risks, and is not limited to funding and political risks. The Secretariat was also mandated by Board members to draft, as part of the implementation plan, the updates and/or modifications to the operational policies and guidelines of the AF needed to facilitate implementation of the strategy, which the Board will consider at its next meeting.

Communications and Outreach

The Chair invited the Secretariat to report on activities undertaken since the last AF Board meeting. The report outlined that a number of outreach and communication activities were implemented intersessionally, with a key focus in

planning the commemoration of the 10th anniversary of the AF, with a print publication which was prepared by the Secretariat with contributions from a range of stakeholders and which will be circulated widely in the coming days and during COP 23. The report emphasized the use of social media platforms, AF website, print media, and many other channels to promote the Fund's activities, increase visibility and engagement of wider audiences in its work, and reach out to local and direct beneficiaries across countries where projects are implemented.

Lastly, the Secretariat reminded the Board about its outreach plans for the upcoming COP 23 which will include a side event on applying environmental and social principles in effective adaptation services on 9th November; a Special Event on 16th November to celebrate the 10th anniversary of the AF; and an exhibit on the theme: "10 Years Pioneering Innovation, Action and Learning" to showcase the Fund's key achievements over the past years. In addition, the Secretariat will hold its first annual dialogue with the GCF on 14th November, will host a Contributors Dialogue as usual, and play an active part in the Direct Access Day at the conference.

Without further comment, the Board took note of the report and requested the Secretariat to circulate a copy of the presentation made to members and other relevant stakeholders.

Readiness Programme

Updated Operational Policies and Guidelines to include procedures related to the Readiness Programme

The Secretariat reported on progress for updated Operational Policies and Guidelines (OPGs) to include procedures related to the Readiness Programme. New changes suggested to make the OPGs closer to the readiness objectives, by including for instance an intersessional project and programme review cycle where submission of funding proposals shall be possible under the Review and Approval of Concrete Adaptation Projects and Programmes. It was also suggested to add Guidelines for the Review and Approval of Project and Programme Grants under the Readiness Programme and readiness Grants for technical Assistance and South-South Cooperation, as well to implement readiness interventions in the Project and Performance Reports (PPR), among other new amendments.

Having considered work progress provided by the Secretariat, the Board decided to approve the Operational Policies and Guidelines (OPG) and their new amendments, and requested the Secretariat to notify all accredited and implementing entities of the updated OPGs.

Updated results framework of the Readiness Programme

The Board was briefed about the updated Results Framework of the Readiness Programme which was prepared by the Secretariat upon its request for consideration at its thirtieth meeting. The amendments suggested to add an emphasis on national, regional and community resilience in the Programme's activities, and to include output aims and indicators for advanced readiness for all types of implementing entities through workshops, seminars, and cooperation which can be assessed by the number of events, partner organizations and grants approved. An increased learning indicated by number of tools and guidelines shared with implementing partners and level of improvement made through experience sharing was suggested too, as well as a revised template for reporting.

Based on these amendments, the Board decided to approve the amended results framework of the Readiness Programme and the revised project performance report template. The Board requested the Secretariat to notify all implementing entities of the amendment to the project performance report template and to implement the Readiness Programme in line with the amended results framework.

Other matters

Election of officers

The Chair reminded that the Conference of the Parties (COP) has requested the AF to elect new officers among its Board. The Board elected Mr. Victor Vinas (Dominican Republic) as its new Chair, and decided to elect the Vice-Chair intersessionally. Board members also elected Ms. Tove Zetterström-Goldman (Sweden) as Chair of the Ethics and Finance Committee (EFC) and Mr. Antonio Navarra (Italy) as the Chair of the Accreditation Panel (AP). The Board decided to proceed with the election of the remaining officers, namely the Vice-Chair of the AP and the EFC, and the Chair and Vice-Chair of the Project and Programme Review Committee (PPRC) intersessionally, noting that the next meeting of the AP will be held in early January 2018.

Dates and venues of next AF Board meetings

After recalling that the thirty-first meeting of the Board will be held from 20–23 March 2018, and that the thirty-second one will be from 9–12 October 2018, the Board decided to hold its thirty-third meeting from 12–15 March 2019, and the thirty-fourth meeting from 8–11 October 2019.

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