Climate Finance Advisory Service

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Daily Briefing
24th Adaptation Fund Board Meeting
(9 October 2014, Bonn)

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 SCF.

Summary from 9 October 2014

On Thursday, 9 October 2014, the Adaptation Fund Board (AFB) convened for its 24th meeting in Bonn, Germany. Two days prior to the meeting, the two committees of the fund, the Ethics and Finance Committee (EFC) and the Project and Programme Review Committee (PPRC) met for their 15th meeting respectively.

After opening the meeting, the Chair and the secretariat reported on activities they had undertaken since the last AFB meeting. Inter alia, the Secretariat engaged in building and enhancing partnerships of the AF with other bodies of the Convention, for instance the Climate Technology Centre and Network (CTCN) and the Green Climate Fund (GCF), where the AF not only participated as an observer at the GCF Board meeting, but also provided information on request of the GCF secretariat regarding the gap analysis between the two accreditation processes.

As usual, the Accreditation Panel (AP), which is in charge of reviewing accreditation applications from Implementing Entities (IE) against the fund’s fiduciary, environmental and social requirements, delivered its report to Board members and observers. For AFB 24, the AP concluded the review of one application from a Regional Implementing Entity (RIE), however deciding not to recommend to the Board the accreditation the respective RIE. Nevertheless, the intersessional period between the 23rd and 24th AFB meeting resulted in the accreditation of the Desert Research Foundation of Namibia (DRFN), which increased the number of NIEs to 17, for a total number of now 32 accredited implementing entities: 17 NIEs, 4 RIEs and 11 MIEs.

Following the report from the AP, the PPRC presented the results of its work of assisting the Board in tasks related to project and programme review and implementation. For the 24th AFB meeting, thirteen proposals have been submitted to the secretariat by accredited implementing entities, with the total requested funding amounting to USD 70,694,621: four project concepts (USD 25,617,203) and nine fully-developed project proposals (USD 45,077,418). Remarkably, out of the 13 projects, 12 were submitted by NIEs.
One project concept submitted by the Chilean NIE, Agencia de Cooperación Internacional (AGCI), was endorsed by the Board, encouraging the NIE to develop a fully-developed proposal. Further, the Board approved six fully-developed proposals: Two from India, two from South Africa, one from Costa Rica and one from Kenya, raising the number of NIE projects to eleven.

Before lunch, the EFC presented its report to the Board, after which the AFB, inter alia, approved the AF’s Annual Performance Report FY 2014 and the reconciled administrative budgets of the Board, the secretariat and the trustee for the fiscal year 2014; and adopted a zero tolerance policy for corruption.

In the afternoon, Civil Society Organizations (CSOs) were given the opportunity to engage with the AF Board to raise matters of concern regarding the work of the Adaptation Fund, as well as providing the Board with some experiences and insights from the ground. For instance, a South African representative provided the Board with some further details on the South African NIE project that aims to establish a Small Grants Facility, which was approved during the morning session. In addition, the AF NGO Network provided the Board with information on the status of implementation of the AF projects in Tanzania, Honduras, Cambodia and Senegal. Transparency International (TI) presented some insights from one of their reports, which analyses the policies and practices that seven multilateral climate funds (including the Adaptation Fund) have in place to prevent corruption and enable accountability. In line with this, the TI representative particularly praised the Board for the adoption of the zero tolerance policy for corruption, which the Board had taken in the morning.

Following the CSO Dialogue, the UNFCCC secretariat gave a brief status update on the Second Review of the Adaptation Fund, to which Board members were given the opportunity to provide input, especially on the terms of reference for the review, annexed to decision 2/CMP.9. However, the secretariat reported that it had not received any submissions from Board members up until now. The AFB Board reflected on the Second Review, with one member reiterating the need to highlight the financial situation of the AF, whose source of revenue has been challenged since prices for Certified Emission Reductions (CERs) collapsed. Concluding deliberations on this agenda item, the AF Chair proposed setting up a small group of AFB members to work on a compromised text regarding the terms of reference of the review until tomorrow afternoon. In addition, the secretariat was requested to prepare elements on how to engage with the GCF, including options and possibilities for the AF to be accredited as an intermediary.

To conclude the first day, the official presentations by the AF Trustee on the financial status of the Adaptation Fund Trust Fund, as well as the AF secretariat on the current status of the pipeline were held to inform the AFB and observers. According to the Trustee, as of 30 September 2014, USD 404.12 million have been received on part by proceeds of sales of CERs (USD 190.4 million) and contributions by donor countries (USD 213.7 million). Accordingly, funds available for new project and programme approvals amounted to USD 150.7 million, not yet reflecting the decisions taken by the Board in the morning.

The current MIE pipeline includes four approved MIE projects: one from Ghana (UNDP); one from Mali (UNDP); one from Nepal (WFP); and one from Indonesia (WFP), requesting a total of USD 32.35 million. In addition, the trustee reported that pledges amounting to USD 7.75 million were still outstanding from 3 different countries. If the AF was to receive these outstanding payments, the first project in the
pipeline (Ghana) could be funded. Finally, the AFB briefly discussed options to fund the pipeline, without taking a decision on the matter.