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 advise 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 16 March 2017

On Thursday, 16 March 2017, the Board of the Adaptation Fund (AF) convened for its 29th meeting in Bonn, Germany. This was preceded by meetings of the two committees of the fund, the Ethics and Finance Committee and the Project and Programme Review Committee.

Opening of the Meeting and Report of the Secretariat and Chair

As is customary at each first meeting of the year, the session started with the transition to the new Chair. The outgoing Chair Mr. Naresh Sharma (Nepal) was succeeded by Mr. Michael Kracht (Germany). Mr. Victor Vinas (Dominican Republic) was nominated and elected as the new Vice-Chair.

After opening the meeting and welcoming new Board members, the outgoing chair reported on activities undertaken since the last AF Board meeting. A key event was the Conference of the Parties (COP) in Marrakech, where the outgoing Chair represented the Board at
several official events and informal consultations. Inter alia, he presented the Report of the Adaptation Fund to the Conference of the Parties serving as the Meeting of the Parties to the Kyoto Protocol (CMP), held bilateral meetings with potential donors and attended various side events. Furthermore, he was involved in the recruitment process for the new manager of the AF Secretariat.

Following the report, the Board held two closed sessions to discuss the recruitment of the new manager of the AF Secretariat, as well as the Fund's mid-term strategy. Subsequently, it was announced that Mr. Mikko Ollikainen was selected and appointed to serve as the new head of the AF Secretariat. Mr. Ollikainen already served as the Interim Manager of the AF Secretariat during the last five months. Upon his appointment, Mr. Ollikainen thanked the Board for the trust bestowed in him, while also acknowledging the hard work and dedication of the Secretariat and his predecessor, Ms. Marcia Levaggi.

In addition, he reported on the work of the Secretariat since the last AF Board meeting. Highlights included the organization of the third webinar of the AF Readiness Programme; supporting the evaluation task force in identifying candidates for the Independent Review Panel; working with members of the mid-term strategy task force; and participating at COP22 in Marrakech. At the COP, the AF Secretariat organized a well-attended side event, organized a successful AF contributor dialogue and supported the AFB Chair in representing the Fund at various events.

**Dialogue with the Global Environment Facility**

Before breaking for lunch, the Board welcomed Ms. Naoko Ishii, CEO and Chairperson of the Global Environment Facility (GEF), who reported on the vision and strategy of the GEF for the seventh GEF replenishment cycle. At that, she highlighted that given the limited resources of the GEF, it was important to be selective and identify where the GEF can be most impactful and make use of its comparative advantage. Rather than working in silos, she emphasized the need to take a holistic approach and explore integrated solutions. Last but not least, she pointed out that the GEF will aim to increase and strengthen collaboration with existing initiatives and multi-stakeholder platforms, while also reaching out to the private sector and civil society organizations.

**Report of the Ethics and Finance Committee**

As usual, the Ethics and Finance Committee (EFC) presented its report to the Board. Among the most important issues the EFC appointed the Independent Review Panel (IRP), tasked to oversee the second phase of the overall evaluation of the Fund. The IRP will consist of one lead evaluation expert, an adaptation expert and one representative from civil society.

Furthermore the AF Board agreed on a way to deal with material changes made in projects funded by the AF. Accordingly, the Board decided that a "material change" will be defined as any cumulative total budget change at the output-level between the revised budget and the original budget that involves 10% or more of the total budget of the project or programme. Any material change shall be communicated to the Board for its approval.

Last but not least, the Board also adopted the work plan for the fiscal year 2018, as well as the budgets for the Board, Secretariat and the trustee.

**Potential linkages between the AF and the GCF**

In order to continue discussions on the issue of linkages between the AF and the Green Climate Fund (GCF), the Secretariat presented a document containing further legal, operational and financial analyses on the implications of various linkages with the GCF, in
particular an accreditation of the AF by the GCF.

Also recalling an expert dinner on the matter organized by Oxford Climate Policy on Tuesday, 14 March 2017, the Board engaged in discussions on the matter. Some Board members stressed that more information was needed in order to make an informed decision. At that, the paper presented by the Secretariat failed to provide concrete recommendations on the best possible option and solution. Others explicitly raised concerns with the AF seeking accreditation at the GCF, emphasizing the need to retain the autonomy of the AF. One member expressed his frustration about the fact that the GCF has not addressed the matter due to other priorities and a heavy agenda at past GCF meetings. Last but not least, it was stressed by several members that the issue of linkages between the two funds should be taken to the COP/CMP level.

Following an exchange of views among Board members, the AFB decided to request its Chair and Vice-Chair to write an official letter to the Co-Chairs of the GCF summarizing the Board discussions related to the operational linkages with the GCF and delivering the Board’s willingness to actively engage in structured conversation with the GCF Board. Furthermore, the Chair and Vice-Chair were tasked to request a bilateral meeting between with the Co-Chairs of the GCF during the forty-sixth session of the SBs in May 2017. The AF Secretariat was requested to continue discussing with the GCF Secretariat concrete activities in the area of complementarity and coherence, and in consultation with the Trustee, assess practical solutions for linkages between the Fund and the GCF and report them to the AF Board for consideration at its 30th meeting.

Financial Status of the AF Trust Fund

The AF Trustee reported to the Board on financial issues. Besides sales of Certified Emission Reductions (CERs), the Fund also continued to receive donations from developed countries and sub-national governments. Since the last AFB meeting, donation agreements with the Brussels Capital Region (EUR 2.5 million), Flanders (EUR 6.25 million), Germany (EUR 50 million) and Sweden (SEK 200 million) have been signed, increasing funds for new project and programme approvals to USD 234.4 million.

Since the start of the CER monetization program in May 2009, the Trustee has generated revenues of USD 197.1 million through CER sales, whereas cumulative donations received from developed countries and sub-national governments amounted to USD 422.8 million. Overall, cumulative resources received into the Adaptation Fund Trust Fund through CER sales proceeds and donations were USD 631.9 million.

Dialogue with Civil Society Organizations

Before closing the meeting, the AFB held its regular dialogue with civil society organizations. A representative from Transparency International (TI) presented a progress update to its 2014 report that assessed the AF’s governance design and transparency, accountability, as well as its integrity policies and procedures. While it was highlighted that the AF has made significant progress in addressing the issues and recommendations TI put forward in 2014, some areas for further improvement were also identified, such as a strengthening of the Fund’s open information policy, operational guidelines and risk management framework.

Following the presentation, the New Climate Institute (NCI) presented a study conducted with Germanwatch exploring innovative sources for the AF. The study undertakes an assessment of the potential of seven innovative options as sources of adaptation finance and discusses their implementation pathways. The Board welcomed the presentation, with one member encouraging the AF to explore some of the options presented as part of the
mid-term strategy.

The Climate Finance Advisory Service (CFAS) is an initiative which is delivered by a consortium of experts led by Germanwatch e.V. and funded by the Climate and Development Knowledge Network (CDKN)*. CDKN is funded by the UK Department for International Development (DFID) and the Netherlands Directorate-General for International Cooperation (DGIS) for the benefit of developing countries. However, the views expressed and information contained in it are not necessarily those of or endorsed by DFID, DGIS or the entities managing the delivery of CDKN which can accept no responsibility or liability for such views, completeness or accuracy of the information or for any reliance placed on them.

*The Climate and Development Knowledge Network (“CDKN”) is led and administered by PricewaterhouseCoopers LLP. Management of the delivery of CDKN is undertaken by PricewaterhouseCoopers LLP, and an alliance of organisations including Fundación Futuro Latinoamericano, INTRAC, LEAD Pakistan, the Overseas Development Institute, and SouthSouthNorth*. 

follow on Twitter | friend on Facebook

Copyright © 2017 Climate and Development Knowledge Network (CDKN), All rights reserved.

You are receiving this email from the newly established Climate Finance Advisory Service (CFAS) because you have been identified as a key stakeholder in ongoing discussions regarding climate finance. If you no longer wish to receive communications from CFAS, please use the unsubscribe option: Unsubscribe

Our mailing address is:
Climate and Development Knowledge Network (CDKN)
203 Blackfriars RoadLondon, England SE1 8NJ, United Kingdom