



## Convention-cadre sur les changements climatiques

Distr. générale  
19 novembre 2009  
Français  
Original: anglais

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### Conférence des Parties agissant comme Réunion des Parties au Protocole de Kyoto

#### Cinquième session

Copenhague, 7-18 décembre 2009

Point 9 a) de l'ordre du jour

**Fonds pour l'adaptation: rapport du Conseil du Fonds pour l'adaptation**

### Rapport du Conseil du Fonds pour l'adaptation

#### Note du Président du Conseil du Fonds pour l'adaptation\*

#### *Résumé*

Le présent rapport a été établi comme suite à la décision 1/CMP.3, par laquelle le Conseil du Fonds pour l'adaptation a été prié de faire rapport sur ses activités à chaque session de la Conférence des Parties agissant comme réunion des Parties au Protocole de Kyoto (CMP), et porte sur la période allant de décembre 2008 à septembre 2009. Les activités menées de septembre 2009 à décembre 2009 feront l'objet d'un rapport verbal du Président du Conseil à la cinquième session de la CMP. Le présent rapport contient des informations sur les progrès accomplis par le Fonds pour l'adaptation, en particulier en ce qui concerne la réalisation des tâches dont celui-ci a été chargé par la CMP, ainsi que des recommandations pour les mesures que la CMP devrait prendre le cas échéant. Il contient, entre autres, un projet de décision élaboré pour approbation par la CMP conformément à la décision 1/CMP.3, et des informations sur les décisions et les mesures prises par le Conseil du Fonds pour l'adaptation dont la CMP devrait prendre note.

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\* Le présent document a été soumis tardivement en raison de la date à laquelle la septième réunion du Conseil du Fonds pour l'adaptation a eu lieu.

## Table des matières

	<i>Paragraphes</i>	<i>Page</i>
I. Introduction.....	1–5	3
A. Mandat.....	1–2	3
B. Objet de la présente note .....	3	3
C. Mesures que pourrait prendre la Conférence des Parties agissant comme réunion des Parties au Protocole de Kyoto à sa cinquième session .....	4–5	3
II. Travaux entrepris au cours de la période considérée .....	6–32	4
III. Soutien au Conseil du Fonds pour l’adaptation et exécution de son mandat .....	33–41	8
IV. Calendrier des réunions en 2010 et budget administratif pour l’exercice budgétaire 2010.....	42-44	10
V. Modalités de participation d’observateurs aux réunions du Conseil du Fonds pour l’adaptation .....	45	10
<b>Annexes</b>		
I. Proposed amendments to the rules of procedure of the Adaptation Fund Board .....		11
II. Operational policies and guidelines for Parties to access resources from the Adaptation Fund .....		12
III. Terms of Reference of Board Committees and General Guidelines for Board Committees.....		48
IV. Terms of Reference for the Establishment of the Adaptation Fund Board Accreditation Panel .....		52
V. Reimbursements of funds to parties for their contributions pursuant to paragraph 27 of decision 1/CMP.3 .....		56

## I. Introduction

### A. Mandat

1. À sa septième session, la Conférence des Parties est convenue de créer le Fonds pour l'adaptation<sup>1</sup>. Pour sa part, la Conférence des Parties agissant comme réunion des Parties au Protocole de Kyoto (CMP) a décidé, à sa troisième session, que l'entité chargée d'assurer le fonctionnement du Fonds serait le Conseil du Fonds pour l'adaptation, appuyé par un secrétariat et un administrateur<sup>2</sup>.

2. Dans sa décision 1/CMP.3, la CMP a prié le Conseil du Fonds pour l'adaptation de lui faire rapport sur ses activités à chacune de ses sessions. Elle a en outre invité le Fonds pour l'environnement mondial à fournir des services de secrétariat au Conseil du Fonds pour l'adaptation, et la Banque mondiale à remplir les fonctions d'administrateur, dans les deux cas à titre provisoire.

### B. Objet de la présente note

3. Le présent document contient des informations sur les progrès accomplis par le Fonds pour l'adaptation, en particulier en ce qui concerne la réalisation des tâches dont celui-ci a été chargé par la CMP, ainsi que des recommandations pour les mesures que la CMP devrait prendre le cas échéant. Il porte sur la période allant de décembre 2008 à septembre 2009.

### C. Mesures que pourrait prendre la Conférence des Parties agissant comme réunion des Parties au Protocole de Kyoto à sa cinquième session

4. La CMP pourrait prendre note des informations contenues dans le présent rapport et envisager d'adopter le projet de décision concernant la modification du règlement intérieur du Conseil du Fonds pour l'adaptation, qui figure à l'annexe I. Conformément au paragraphe 2 de la décision 1/CMP.4, le Conseil du Fonds pour l'adaptation a revu son règlement intérieur et soumis à l'approbation de la CMP des propositions de modifications à apporter à ce règlement en ce qui concerne les définitions des termes ou expressions qui suivent: «secrétariat», «entités chargées de la mise en œuvre» et «entités chargées de l'exécution» (al. *h*, *j* et *k* du paragraphe 5 du règlement intérieur).

5. Le Conseil du Fonds pour l'adaptation invite la CMP à prendre note des principales mesures et décisions ci-après, qu'il a prises pendant la période considérée conformément à l'alinéa *m* du paragraphe 5 de la décision 1/CMP.3:

a) Adoption des politiques et directives opérationnelles régissant l'accès des Parties aux ressources du Fonds pour l'adaptation, notamment en ce qui concerne le cycle des projets ainsi que les normes fiduciaires à respecter par les entités chargées de la mise en œuvre pour l'accès au financement et le processus d'accréditation de ces entités (annexe II);

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<sup>1</sup> Décision 10/CP.7.

<sup>2</sup> Décision 1/CMP.3, par. 3.

b) Monétisation des unités de réduction certifiée des émissions. Conformément à l'alinéa *k* du paragraphe 5 de la décision 1/CMP.3, le programme de monétisation du Conseil du Fonds pour l'adaptation a commencé en mai 2009;

c) Approbation par le Conseil du Fonds pour l'environnement mondial du mémorandum d'accord conclu entre cet organisme et la CMP au sujet des services de secrétariat à fournir au Conseil du Fonds pour l'adaptation;

d) Approbation des clauses applicables aux services à fournir par la Banque internationale pour la reconstruction et le développement, en sa qualité d'administrateur du Fonds pour l'adaptation.

## **II. Travaux entrepris au cours de la période considérée**

6. Au cours de la période considérée, le Conseil du Fonds pour l'adaptation a tenu quatre réunions, qui ont toutes eu lieu au siège du secrétariat de la Convention des Nations Unies sur la lutte contre la désertification, à Bonn (Allemagne). Les ordres du jour annotés (ainsi que les documents de référence y relatifs) et des rapports détaillés sur ces réunions ont été publiés sur le site Web du Fonds pour l'adaptation<sup>3</sup>.

7. Les sections qui suivent décrivent les principaux travaux entrepris par le Conseil du Fonds pour l'adaptation au cours de la période considérée.

### **Élection du Président et du Vice-Président du Conseil du Fonds pour l'adaptation**

8. Conformément au paragraphe 13 de la décision 1/CMP.3, le Conseil du Fonds pour l'adaptation a élu par consensus, à sa quatrième réunion, M. Jan Cedergren (Suède) au poste de Président et M. Farrukh Iqbal Khan (Pakistan) à celui de Vice-Président.

### **Changements dans la composition du Conseil du Fonds pour l'adaptation**

9. Au cours de la période considérée, plusieurs membres et membres suppléants du Conseil du Fonds pour l'adaptation ont été remplacés. En ce qui concerne les membres, les changements sont les suivants: M. Enele Sopoaga (Tuvalu, représentant les Petits États insulaires en développement (PEID)) a été remplacé par M. Leonard Nurse (Barbade (PIED)), lui-même remplacé ensuite par M. Selwin Hart (Barbade (PEID)). M. Naoya Tsukamoto (Japon, représentant les Parties qui figurent à l'annexe I de la Convention (Parties visées à l'annexe I) a été remplacé par M. Hiroshi Ono (Japon, Parties visées à l'annexe I). M. Carlos Rufino Costa (Colombie, représentant les Parties qui ne figurent pas à l'annexe I de la Convention (Parties non visées à l'annexe I) a été remplacé par M. Ricardo Lozano Picon (Colombie, Parties non visées à l'annexe I). M<sup>me</sup> Ermira Fida (Albanie, Groupe des États d'Europe orientale) a été remplacée par M<sup>me</sup> Medea Inashvili (Géorgie, Groupe des États d'Europe orientale). M. Frank Fass-Metz (Allemagne, Groupe des États d'Europe occidentale et d'autres États) a été remplacé par M. Jan Cedergren (Suède, Groupe des États d'Europe occidentale et d'autres États).

10. En ce qui concerne les membres suppléants du Conseil, les changements sont les suivants: M<sup>me</sup> Emily Ojoo-Massawa (Kenya, Groupe des États d'Afrique) a été remplacée

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<sup>3</sup> <http://www.adaptation-fund.org>.

par M. Richard Mwendandu (Kenya, Groupe des États d'Afrique). M. Alejandro Nieto (Espagne, Parties visées à l'annexe I) a été remplacé par M<sup>me</sup> Vanesa Alvarez Franco (Espagne, Parties visées à l'annexe I). M. Mohammad Munir Qamar (Bangladesh, représentant les pays les moins avancés (PMA)) a été remplacé par M. AHM Mustain Billah (Bangladesh (PMA)), lui-même remplacé ensuite par M. Nojibur Rahman (Bangladesh (PMA)), puis par M. Mirza Shawkat Ali (Bangladesh, PMA).

### **Calendrier des réunions du Conseil du Fonds pour l'adaptation en 2009**

11. À sa cinquième réunion, tenue à Bonn du 24 au 27 mars 2009, le Conseil du Fonds pour l'adaptation a adopté le calendrier de ses réunions pour 2009 (voir tableau 1).

Tableau 1

#### **Calendrier des réunions du Conseil du Fonds pour l'adaptation en 2009**

<i>Dates</i>	<i>Lieu</i>
24-27 mars	Bonn (Allemagne)
15-17 juin	Bonn (Allemagne)
14-16 septembre	Bonn (Allemagne)
16-18 novembre	Bonn (Allemagne)

### **Plan de travail du Conseil du Fonds pour l'adaptation**

12. À sa sixième réunion, le Conseil du Fonds pour l'adaptation a adopté son plan de travail pour 2009.

### **Budget du Conseil du Fonds pour l'adaptation, secrétariat et administrateur**

13. Lors des quatre réunions qu'il a tenues pendant la période considérée, le Conseil du Fonds pour l'adaptation a évalué et approuvé le budget nécessaire à ses propres travaux, ainsi qu'à ceux du secrétariat et de l'administrateur, jusqu'au 30 juin 2010.

### **Politiques et directives opérationnelles provisoires régissant l'accès des Parties aux ressources du Fonds pour l'adaptation**

14. La décision 1/CMP.3 prévoit, au paragraphe 29, que «les Parties remplissant les critères d'admissibilité pourront soumettre leurs propositions de projet directement au Conseil du Fonds pour l'adaptation et que les entités chargées de leur mise en œuvre ou de leur exécution, choisies par les gouvernements, qui sont en mesure d'exécuter les projets financés par le Fonds pour l'adaptation pourront également solliciter directement le Conseil du Fonds pour l'adaptation».

15. Conformément aux dispositions visées au paragraphe 14 ci-dessus, le Conseil, à sa septième réunion, a adopté les politiques et directives opérationnelles régissant l'accès des Parties aux ressources du Fonds pour l'adaptation, qui figurent à l'annexe II. Ces politiques et directives opérationnelles contiennent notamment les normes fiduciaires à respecter par

les entités nationales et multilatérales chargées de la mise en œuvre pour l'accès au financement du Fonds, conformément au paragraphe 30 de la décision 1/CMP.3.

### **Constitution des comités du Conseil du Fonds pour l'adaptation**

16. La décision 1/CMP.3 prévoit, au paragraphe 5 g), que le Conseil du Fonds pour l'adaptation doit établir, selon que de besoin, des comités, des groupes d'experts et des groupes de travail chargés de lui fournir, entre autres, des conseils spécialisés pour l'aider à s'acquitter de ses fonctions.

17. Conformément à ce mandat, le Conseil a décidé, à sa cinquième réunion, d'établir un Comité de l'éthique et des finances et un Comité d'examen des programmes et projets. À sa sixième réunion, il a adopté le mandat de chacun de ces comités et en a choisi les membres; il a adopté également les directives générales applicables aux comités du Conseil du Fonds pour l'adaptation, qui figurent à l'annexe III.

### **Constitution du Comité d'accréditation du Conseil du Fonds pour l'adaptation**

18. Conformément aux dispositions visées au paragraphe 16 ci-dessus, le Conseil a adopté, à sa septième réunion, le mandat du Comité d'accréditation du Conseil du Fonds pour l'adaptation, qui figure à l'annexe IV.

### **Instrument juridique applicable au secrétariat du Fonds pour l'adaptation**

19. Après que la CMP eut approuvé, à sa quatrième session, le mémorandum d'accord conclu avec le Conseil du Fonds pour l'environnement mondial au sujet des services de secrétariat à fournir au Conseil du Fonds pour l'adaptation, le Conseil du Fonds pour l'environnement mondial a approuvé à son tour ce mémorandum d'accord à sa trente-cinquième session, tenue à Washington (États-Unis d'Amérique) du 22 au 24 juin 2009, et a autorisé le secrétariat du Fonds pour l'environnement mondial à fournir au Conseil du Fonds pour l'adaptation tous les services de secrétariat définis dans le mémorandum d'accord ainsi que dans le règlement intérieur du Conseil du Fonds pour l'adaptation, dans le document relatif au rôle et responsabilités du secrétariat du Conseil du Fonds pour l'adaptation et dans les politiques et directives opérationnelles provisoires régissant l'accès des Parties aux ressources du Fonds pour l'adaptation.

### **Instrument juridique applicable à l'administrateur du Fonds pour l'adaptation**

20. Les directeurs exécutifs de la Banque mondiale ont approuvé les clauses régissant les services à fournir par la Banque internationale pour la reconstruction et le développement en sa qualité d'administrateur du Fonds pour l'adaptation, applicables à compter du 27 février 2009, après que celles-ci eurent été approuvées par la CMP à sa quatrième session.

## Monétisation des unités de réduction certifiée des émissions

21. La décision 1/CMP.3 prévoit, au paragraphe 5 k), que le Conseil du Fonds pour l'adaptation doit procéder à la monétisation des unités de réduction certifiée des émissions (URCE) délivrées par le Conseil exécutif du mécanisme pour un développement propre (MDP) et transmises au Fonds pour l'adaptation, et faire rapport chaque année à la CMP sur cette monétisation.

22. Dans le cadre du Programme de monétisation des URCE, la Banque mondiale, en sa qualité d'administrateur du Fonds pour l'adaptation, convertit en argent comptant les URCE du Fonds. Ainsi qu'énoncé au paragraphe 28 de la décision 1/CMP.3, les trois objectifs de la monétisation des unités de réduction certifiée des émissions sont: garantir au Fonds pour l'adaptation un apport prévisible de recettes, utiliser au mieux les recettes du Fonds tout en limitant les risques financiers, et assurer la transparence et l'efficacité maximale par rapport aux coûts, en tirant parti pour cela des compétences voulues.

23. En mai 2009, la Banque mondiale, en sa qualité d'administrateur, a achevé la première série de transactions inaugurales de monétisation des URCE. Elle a vendu les premières 600 000 URCE à un prix moyen de 12,17 euros la tonne. Lors d'une deuxième vente qui a eu lieu en juin 2009, 500 000 URCE ont été vendues à un prix moyen de 11,46 euros la tonne. Les acheteurs venaient de tous les secteurs et toutes les régions. Conformément aux directives pour la monétisation des unités de réduction certifiée des émissions, telles qu'elles ont été approuvées par le Conseil du Fonds pour l'adaptation, la Banque mondiale, en sa qualité d'administrateur, est chargée d'effectuer des ventes continues sur les échanges de carbone ainsi que des ventes libres d'unités de réduction certifiée des émissions. Le Conseil est convenu que l'administrateur devrait continuer à monétiser les URCE à un rythme modéré jusqu'à ce que des ressources soient requises pour financer des projets et programmes.

24. Au 16 septembre 2009, l'administrateur avait vendu 1,13 million d'unités de réduction certifiée des émissions, générant ainsi des recettes d'un montant d'environ 18,7 millions de dollars des États-Unis pour le Fonds pour l'adaptation.

## Capacité juridique du Conseil du Fonds pour l'adaptation

25. À sa quatrième session, la CMP a décidé que «le Conseil du Fonds pour l'adaptation devait être doté de la capacité juridique nécessaire pour s'acquitter de ses fonctions en ce qui concerne l'accès direct des Parties remplissant les conditions requises et les entités chargées de la mise en œuvre et de l'exécution»<sup>4</sup>.

26. Le Conseil du Fonds pour l'adaptation a donc invité les Parties à l'accueillir et à lui conférer la capacité juridique. Deux Parties, la Barbade et l'Allemagne, se sont proposées. À ses sixième et septième réunions, le Conseil a examiné les deux offres, mais il attendait des renseignements complémentaires des deux Parties pour prendre une décision finale.

## Création du Fonds spécial du Fonds pour l'adaptation

27. La Banque mondiale, en sa qualité d'administrateur, a établi au titre de son règlement intérieur un fonds spécial pour y conserver, au nom du Fonds pour l'adaptation, l'argent provenant de la monétisation des unités de réduction certifiée des émissions et d'autres contributions.

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<sup>4</sup> Décision 1/CMP.4, par. 11.

28. L'accord juridique conclu entre la CMP et la Banque mondiale en qualité d'administrateur prévoit que cette dernière ne peut procéder à des décaissements que sur les instructions écrites du Conseil du Fonds pour l'adaptation, et conformément à ces instructions. L'administrateur a des fonctions limitées et non opérationnelles. Une fois les fonds transférés, il n'a aucune responsabilité en ce qui concerne l'utilisation du Fonds spécial ou les activités que celui-ci finance.

### **Remboursement des contributions des Parties**

29. À sa sixième réunion, le Conseil du Fonds pour l'adaptation a décidé de rembourser des sommes encore dues correspondant à un prêt du Fonds pour les pays les moins avancés ainsi qu'aux contributions remboursables des Gouvernements australien et britannique et du Programme des Nations Unies pour l'environnement. De plus amples renseignements à ce sujet sont donnés à l'annexe V.

30. Au 30 juillet 2009, la dette correspondant au prêt du Fonds pour les pays les moins avancés avait été remboursée.

### **Concours en vue de choisir un logo pour le Fonds pour l'adaptation**

31. À sa cinquième réunion, le Conseil du Fonds pour l'adaptation a décidé de demander au secrétariat d'organiser un concours pour encourager la présentation de propositions de logos pour le Fonds pour l'adaptation. À sa sixième réunion, le Conseil a sélectionné l'un des logos présentés et l'a adopté en tant que logo du Fonds pour l'adaptation. Le lauréat du concours a reçu un prix au cours d'une cérémonie qui a eu lieu pendant la septième réunion du Conseil.

### **Interaction avec le programme pilote sur la résistance aux changements climatiques**

32. Au cours de la période considérée, M<sup>me</sup> Merlyn Van Voore (Afrique du Sud, Groupe des États d'Afrique) a assisté à trois réunions du programme pilote de la Banque mondiale sur la résistance aux changements climatiques et a présenté au Conseil deux rapports sur les activités du sous-comité sur ce programme pilote.

## **III. Soutien au Conseil du Fonds pour l'adaptation et exécution de son mandat**

33. À sa troisième session, la CMP a prié le Conseil du Fonds pour l'adaptation de concevoir des mécanismes et des propositions pour rendre le Fonds opérationnel<sup>5</sup>. Le Conseil s'est acquitté de cette tâche conformément à la demande de la CMP, et il estime que l'infrastructure institutionnelle et réglementaire nécessaire au fonctionnement du Fonds pour l'adaptation, y compris le cadre requis pour y garantir un accès direct, est maintenant en place.

34. Le Conseil a exprimé sa reconnaissance aux Gouvernements danois, finlandais, français, japonais, norvégien, suédois et helvétique pour leur soutien financier, qui lui a

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<sup>5</sup> Décision 1/CMP.3, par. 5 b).



permis de se réunir avant le début des transactions inaugurales de monétisation des unités de réduction certifiée des émissions (URCE).

35. Le Conseil a exprimé également sa reconnaissance aux Gouvernements australien et britannique et au Programme des Nations Unies pour l'environnement pour leur soutien sous forme de contributions remboursables.

36. Le Conseil a salué en outre le soutien fourni par le secrétariat et l'administrateur du Conseil du Fonds pour l'adaptation, et par le secrétariat de la Convention-cadre des Nations Unies sur les changements climatiques.

37. Le Conseil du Fonds pour l'adaptation a adopté son plan de travail pour la période allant jusqu'à fin 2009 et approuvé les budgets nécessaires à l'exécution de ce plan de travail; il a commencé la monétisation des URCE, et établi le cadre opérationnel du Fonds pour l'adaptation, qui comprend entre autres:

a) Les politiques et directives opérationnelles régissant l'accès des Parties aux ressources du Fonds pour l'adaptation, notamment en ce qui concerne le cycle des projets, les normes fiduciaires à respecter par les entités chargées de la mise en œuvre pour l'accès au financement, le processus d'accréditation de ces entités et les modèles pour la présentation des projets;

b) La constitution du Comité d'accréditation.

38. Le Conseil du Fonds pour l'adaptation a mis en place un système d'accréditation des entités chargées de la mise en œuvre. Il a également entrepris de constituer le Comité d'accréditation: il a nommé deux de ses membres, M. William Kojo Agyemang-Bonsu (Ghana, Parties non visées à l'annexe I) et M. Jerzy Janota Bzowski (Pologne, Groupe des États d'Europe orientale), et commencé la sélection des experts indépendants qui siègeront au Comité. En outre, le Conseil a approuvé le texte d'une lettre qui a été envoyée aux Parties remplissant les critères d'admissibilité pour les inviter à désigner des entités juridiques nationales chargées de l'accréditation; il a approuvé de même le texte d'une lettre invitant les organismes multilatéraux à se manifester s'ils souhaitent servir d'entité multilatérale chargée de la mise en œuvre.

39. La Banque mondiale, en sa qualité d'administrateur, a achevé de mettre en place le cadre juridique et financier nécessaire pour commencer les ventes inaugurales des URCE au nom du Conseil du Fonds pour l'adaptation et a collecté plus de 18,7 millions de dollars des États-Unis au profit du Fonds grâce à la vente de 1,13 million d'URCE.

40. Conformément aux dispositions du paragraphe 18 de la décision 1/CMP.3, la procédure de recrutement du premier fonctionnaire spécialement affecté au Conseil du Fonds pour l'adaptation – le responsable du secrétariat du Conseil – s'est terminée en février 2009. Le recrutement de deux autres fonctionnaires spécialement affectés au Conseil a commencé et devrait être achevé d'ici à la fin 2009.

41. Avec le démarrage du cycle de projets et du financement des propositions de programmes et projets, des ressources beaucoup plus importantes que celles dont dispose le Fonds pour l'adaptation pourraient être nécessaires. Le montant net des ressources disponibles du Fonds spécial du Fonds pour l'adaptation qui peuvent être allouées à des décisions de financement s'élevait à 8,99 millions de dollars des États-Unis au 31 août 2009. Le montant des fonds disponibles jusqu'en 2012 est estimé à 480 millions de dollars des États-Unis environ.

#### IV. Calendrier des réunions en 2010 et budget administratif pour l'exercice budgétaire 2010

42. Le cadre opérationnel ayant été établi en 2009, le Conseil approuvera en 2010 les propositions de financement qui répondent aux besoins en matière d'adaptation des pays en développement.

##### Calendrier des réunions du Conseil du Fonds pour l'adaptation

43. Le calendrier des réunions du Conseil du Fonds pour l'adaptation pour 2010 figure au tableau 2<sup>6</sup>.

Tableau 2

##### Calendrier des réunions du Conseil du Fonds pour l'adaptation en 2010

<i>Dates</i>	<i>Lieu</i>
Mars	Bonn (Allemagne)
Juin	Bonn (Allemagne)
Septembre	Bonn (Allemagne)
Décembre	Non connu

##### Budget administratif

44. Les prévisions budgétaires pour l'exercice budgétaire 2010 s'élevaient à 2 288 933 de dollars des États-Unis au 30 juillet 2009.

#### V. Modalités de participation d'observateurs aux réunions du Conseil du Fonds pour l'adaptation

45. Comme suite aux suggestions et demandes formulées par les observateurs des organisations non gouvernementales, le Conseil du Fonds pour l'adaptation a pris les dispositions suivantes:

- a) Les débats des réunions du Conseil sont diffusés par Webcast sur le site Web du Fonds pour l'adaptation;
- b) Depuis sa cinquième réunion, le Conseil fait une déclaration à la presse après chaque réunion et la publie sur le site Web du Fonds pour l'adaptation;
- c) Depuis la sixième réunion, les observateurs peuvent prendre place dans la salle où le Conseil se réunit.

<sup>6</sup> Les lieux de réunion mentionnés dans le tableau 2 sont susceptibles d'être modifiés en fonction de la décision que prendra la CMP au sujet des dispositions juridiques relatives à la capacité juridique au Conseil du Fonds pour l'adaptation.

## Annex I

[ENGLISH ONLY]

### **Proposed amendments to the rules of procedure of the Adaptation Fund Board**

In accordance with decision 1/CMP.4, paragraph 2, the following text is put forward for adoption by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol as amendments to the rules of procedure of the Adaptation Fund Board contained in annex I to decision 1/CMP.4.

1. The following text should replace the text contained in paragraph 2 (h):

“Secretariat” is a body appointed by the CMP to provide secretariat services to the Board, consistent with decision 1/CMP.3, paragraphs 3, 18, 19 and 31;

2. The following text should replace the text contained in paragraph 2 (j):

“Implementing entities” means the national legal entities and multilateral organizations that have been identified ex ante by the Board as meeting the criteria adopted by the Board, in accordance with decision 1/CMP.3, paragraph 5 (c), to access funding to implement concrete adaptation projects and programmes supported by the Fund;

3. The following text should replace the text contained in paragraph 2 (k):

“Executing entities” are organizations that execute adaptation projects and programmes supported by the Fund under the oversight of Implementing Entities;

## Annex II

[ENGLISH ONLY]

### **Operational policies and guidelines for Parties to access resources from the Adaptation Fund**

#### **Introduction**

1. Article 12, paragraph 8, of the Kyoto Protocol states that “The Conference of the Parties serving as the meeting of the Parties to this Protocol shall ensure that a share of the proceeds from certified project activities is used to cover administrative expenses as well as to assist developing country Parties that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation.” This is the legal basis for the establishment of the Adaptation Fund.
2. At the seventh session of the Conference of the Parties, held in Marrakesh, Morocco, from 29 October to 10 November 2001, Parties agreed to the establishment of the Adaptation Fund (hereinafter referred to as the Fund).<sup>1</sup>
3. At its first and second sessions<sup>2, 3</sup> the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP), decided on specific approaches, principles and modalities to be applied for the operationalization of the Fund.
4. At its third session, the CMP decided that the operating entity of the Fund would be the Adaptation Fund Board (hereinafter referred to as the Board), serviced by a secretariat and a trustee.<sup>4</sup> Parties invited the Global Environment Facility to provide secretariat services to the Adaptation Fund Board (hereinafter referred to as the secretariat), and the World Bank to serve as the trustee (hereinafter referred to as the trustee) of the Fund, both on an interim basis.
5. Decision 1/CMP.3, paragraph 5 (b), defines one of the functions of the Board as developing and deciding on specific operational policies and guidelines, including programming guidance and administrative and

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<sup>1</sup> See decision 10/CP.7, “Funding under the Kyoto Protocol”.

<sup>2</sup> See decision 28/CMP.1, “Initial guidance to an entity entrusted with the operation of the financial mechanism of the Convention, for the operation of the Adaptation Fund” in Annex I to this document.

<sup>3</sup> See decision 5/CMP.2, “Adaptation Fund”, in Annex I to this document.

<sup>4</sup> See decision 1/CMP.3, “Adaptation Fund”, in Annex I to this document.

financial management guidelines, in accordance with decision 5/CMP.2, and to report to the CMP.

6. At its fourth session, the CMP, through its decision 1/CMP.4, adopted:
  - (a) The rules of procedures of the Adaptation Fund Board;
  - (b) The memorandum of understanding between the CMP and Council of the Global Environmental Facility regarding secretariat services to the Adaptation Fund Board, on an interim basis;
  - (c) The terms and conditions of services to be provided by the International Bank for Reconstruction and Development (the World Bank) as trustee for the Adaptation Fund, on an interim basis;
  - (d) The strategic priorities, policies and guidelines of the Adaptation Fund (see annex I).
7. The CMP, by its decision 1/CMP.4, paragraph 11, decided that the Adaptation Fund Board be conferred such legal capacity as necessary for the discharge of its functions with regard to direct access by eligible Parties.
8. This document (hereafter referred to as the operational policies and guidelines), in response to the above CMP decisions, outlines operational policies and guidelines for eligible developing country Parties to access resources from the Fund. The operational policies and guidelines are expected to evolve further based on the experience acquired through the operationalization of the Fund, subsequent decisions of the Board and future guidance from the CMP.

### **Definitions of Adaptation Projects and Programmes**

9. The Adaptation Fund established under decision 10/CP.7 shall finance concrete adaptation projects and programmes.
10. A concrete adaptation project is defined as a set of activities aimed at addressing the adverse impacts of and risks posed by climate change. Adaptation projects can be implemented at the community, national, and transboundary level. Projects concern discrete activities with a collective objective(s) and concrete outcomes and outputs that are more narrowly defined in scope, space, and time.
11. An adaptation programme is a process, a plan, or an approach for addressing climate change impacts that is broader than the scope of an individual project.

### **Operational and Financing Priorities**

12. The overall goal of all adaptation projects and programmes financed under the Fund will be to support concrete adaptation activities that reduce

the adverse effects of climate change facing communities, countries, and sectors.

13. Provision of funding under the Fund will be based on, and in accordance with, the *Strategic Priorities, Policies and Guidelines of the Adaptation Fund* adopted by the CMP, attached as Annex I.
14. Funding will be provided on full adaptation cost basis of projects and programmes to address the adverse effects of climate change.<sup>5</sup> Full cost of adaptation means the costs associated with implementing concrete adaptation activities that address the adverse effects of climate change. The Fund will finance projects and programmes whose principal and explicit aim is to adapt and increase climate resilience. The project proponent is to provide justification of the extent to which the project contributes to adaptation and climate resilience. The Board may provide further guidance on financing priorities, including through the integration of information based on further research on the full costs of adaptation and on the lessons learned.
15. In developing projects and programmes to be funded under the Fund, eligible developing country Parties may wish to consider the guidance provided in Decision 5/CP.7. Parties may also consult information included in reports from the Intergovernmental Panel on Climate Change (IPCC) and information generated under the Nairobi Work Programme (NWP) on Impacts, Vulnerability and Adaptation to Climate Change.<sup>6</sup>
16. Decisions on the allocation of resources of the Fund shall take into account the criteria outlined in the *Strategic Priorities, Policies and Guidelines of the Adaptation Fund*, adopted by the CMP, specifically:
  - (a) Level of vulnerability;
  - (b) Level of urgency and risks arising from delay;
  - (c) Ensuring access to the fund in a balanced and equitable manner;
  - (d) Lessons learned in project and programme design and implementation to be captured;
  - (e) Securing regional co-benefits to the extent possible, where applicable;
  - (f) Maximizing multi-sectoral or cross-sectoral benefits;
  - (g) Adaptive capacity to the adverse effects of climate change.
17. Resource allocation decisions will be guided by paragraphs 9 and 10 of the *Strategic Priorities, Policies and Guidelines of the Adaptation Fund*.
18. The Board will review its procedures for allocating resources of the Fund among eligible Parties at least every three years, and/or as instructed by the CMP.

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<sup>5</sup> Decision 5/CMP.2, paragraph 1 (d).

<sup>6</sup> IPCC Assessment Report 4, see <http://www.ipcc.ch/ipccreports/assessments-reports.htm> and NWP see [http://unfccc.int/adaptation/sbsta\\_agenda\\_item\\_adaptation/items/3633.php](http://unfccc.int/adaptation/sbsta_agenda_item_adaptation/items/3633.php).

*PROJECT/PROGRAMME PROPOSAL REQUIREMENTS*

19. To access Fund resources, a project/programme will have to be in compliance with the eligibility criteria contained in paragraph 15 of the *Strategic Priorities, Policies and Guidelines of the Adaptation Fund* and using the relevant templates.

*COUNTRY ENDORSEMENT*

20. Every proposal for funding must be endorsed by the requesting government.
21. Each Party shall designate and communicate to the Secretariat the authority that will endorse on behalf of the national government the projects and programmes proposed by the implementing entities.

*FINANCING WINDOWS*

22. Parties may undertake adaptation activities under the following categories:
- (a) Small-size projects and programmes (proposals requesting up to \$1 million); and
  - (b) Regular projects and programmes (proposals requesting over \$1million).

*ELIGIBILITY CRITERIA***Country Eligibility**

23. The Fund shall finance concrete adaptation projects and programmes in developing country Parties to the Kyoto Protocol that are particularly vulnerable to the adverse effects of climate change.
24. Paragraph 10 of the *Strategic Priorities, Policies and Guidelines of the Adaptation Fund*<sup>7</sup> provides the country eligibility criteria.
25. A cap in resource allocation per eligible host country, project and programme will be agreed by the Board based on a periodic assessment of the overall status of resources in the Adaptation Fund and with a view to ensuring equitable distribution.

**Implementing and Executing Entities**

26. Eligible Parties who seek financial resources from the Adaptation Fund shall submit proposals directly through their nominated National Implementing Entity (NIE).<sup>8</sup> They may, if they so wish, use the services of Multilateral Implementing Entities (MIE). The implementing entities shall

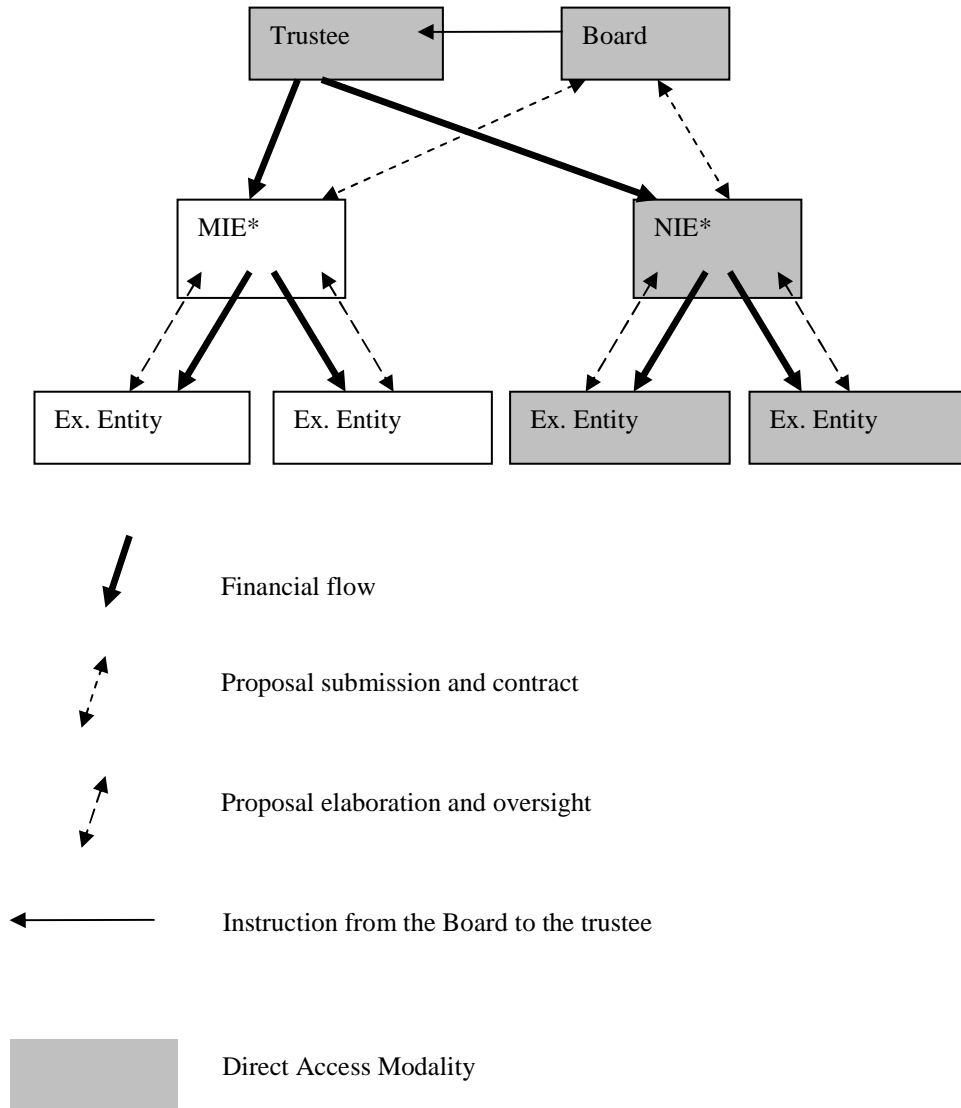
<sup>7</sup> Document FCCC/KP/CMP/2008/11/Add.2:  
<<http://unfccc.int/resource/docs/2008/cmp4/eng/11a02.pdf#page=1>>.

<sup>8</sup> They may include inter alia, ministries, inter-ministerial commissions, government cooperation agencies.

obtain an endorsement from the government.<sup>9</sup> The modalities for accessing resources of the Adaptation Fund are outlined in Figure 1.

Figure 1

**Modalities for Accessing Resources of the Adaptation Fund**



\* A Party nominates a National Implementing Entity or it may also nominate a Multilateral entity.

<sup>9</sup> As laid out in paragraph 21: “Each Party shall designate and communicate the authority that will endorse on behalf of the national government the projects and programmes proposed by the implementing entities.”



27. National Implementing Entities (NIE) are those national legal entities nominated by Parties that are recognized by the Board as meeting the fiduciary standards established by the Board. The NIEs will bear the full responsibility for the overall management of the projects and programmes financed by the Adaptation Fund, and will bear all financial, monitoring, and reporting responsibilities.
28. A group of Parties may also nominate regional and sub-regional entities as implementing entities, in which case provisions of paragraph 27 will apply.
29. Multilateral Implementing Entities (MIE) are those Multilateral Institutions and Regional Banks that meet the fiduciary standards provided by the Board. The MIEs, chosen by eligible Parties to submit proposals to the Board, will bear the full responsibility for the overall management of the projects and programmes financed by the Adaptation Fund, and will bear all financial, monitoring, and reporting responsibilities.
30. In the case of regional (i.e., multi-country) projects and programmes, the proposal submitted to the Board should be endorsed by the designated authority of each participating Party.
31. Executing Entities are organizations that execute adaptation projects and programmes supported by the Fund under the oversight of the Implementing Entities.

## **ACCREDITATION OF IMPLEMENTING ENTITIES**

### **Fiduciary Standards**

32. Among the principles established for the Adaptation Fund (Decision 5/CMP.2) is “sound financial management, including the use of international fiduciary standards.” At its 7th meeting the Board adopted fiduciary standards governing the use, disbursement and reporting on funds issued by the Adaptation Fund covering the following broad areas (refer to Annex 2 for details):
  - (a) Financial Integrity and Management:
    - (i) Accurately and regularly record transactions and balances in a manner that adheres to broadly accepted good practices, and are audited periodically by an independent firm or organization;
    - (ii) Managing and disbursing funds efficiently and with safeguards to recipients on a timely basis;
    - (iii) Produce forward-looking financial plans and budgets;
    - (iv) Legal status to contract with the Adaptation Fund and third parties

- (b) Institutional Capacity:
  - (i) Procurement procedures which provide for transparent practices, including in competition;
  - (ii) Capacity to undertake monitoring and evaluation;
  - (iii) Ability to identify, develop and appraise project;
  - (iv) Competency to manage or oversee the execution of the project/programme including ability to manage sub-recipients and to support project /programme delivery and implementation.
- (c) Transparency and Self-investigative Powers: Competence to deal with financial mismanagement and other forms of malpractice.

#### **Accreditation Process**

33. Accreditation for the implementing entities would follow a transparent and systematic process through an Adaptation Fund Accreditation Panel supported by the Secretariat. The Accreditation Panel will consist of two Board Members and three experts. The different steps for accreditation are as follows:

- (a) The Board will invite each Party<sup>10</sup> to nominate a national implementing entity; the Board will issue a call to potential multilateral implementing entities to express interest in serving as a MIE;
- (b) Potential implementing entities will submit their accreditation applications to the Secretariat together with supporting documentation to verify how they meet the fiduciary standards;
- (c) The Secretariat will review the documentation to ensure that all the necessary information is provided, and will follow-up with the potential implementing entities to ensure that the application package is complete. The Secretariat will forward the complete package to the Accreditation Panel within 15 (fifteen) working days following receipt of a candidate implementing entity's submission;
- (d) The Panel will undertake a desk-review of the application and forward its recommendation to the Board; should the Panel require additional information prior to making its recommendation, a mission and/or a teleconference may be undertaken with regard to the country

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<sup>10</sup>The designated authority referred to in paragraph 21 above shall endorse the application for accreditation on behalf of the Party.

concerned.<sup>11</sup>The Board will provide further guidance on the required information in the future on the basis of lessons learned; and

- (e) The Board will make a decision and in writing will notify the entity of the outcome, which could fall into one of the following categories:
    - (i) Applicant meets requirements and accreditation is recommended; or
    - (ii) Applicant needs to address certain requirements prior to full accreditation.
34. In case the nominated NIE does not meet the criteria, an eligible Party may resubmit its application after addressing the requirements of the Board. In the meantime, eligible Parties are encouraged to use the services of an MIE, if they so wish, to submit project proposals for funding by the Adaptation Fund.
35. Accreditation will be valid for a period of 5 years. The Board will develop guidelines for renewal of an implementing entity's accreditation based on simplified procedures that will be established at a later date.
36. The Board reserves the right to evaluate the performance of implementing entities at any time during an implementing entity's accreditation period. A minimum notification of 6 months will be given to an implementing entity if they have been identified by the Board as being the object of such an evaluation.
37. The Board may also consider suspending or cancelling the accreditation of an implementing entity if the entity made false statements or provided intentionally incomplete information to the Board both at the time of accreditation to the Board or in submitting a project or programme proposal.
38. Before the Board makes its final decision on whether to suspend or cancel the accreditation of an implementing entity, the entity concerned will be given a fair chance to present its views to the Board.

#### *PROJECT CYCLE*

39. The project cycle of the Adaptation Fund for any project or programme size begins with a proposal submission to the Secretariat by the NIE/MIE chosen by the government of the recipient country/ies. The submission is followed by an initial screening, project review and approval.<sup>12</sup>

#### Review and Approval of Small-size Projects and Programmes

40. In order to expedite the process of approving projects and reduce unnecessary bureaucracy, it is proposed that small-size projects undergo a

<sup>11</sup> The Panel will specify areas requiring further work to meet the requirements and may provide technical advice to address such areas. In exceptional circumstances, an external assessor maybe used to help resolve especially difficult/contentious issues.

<sup>12</sup> The designated authority referred to in paragraph 21 above shall endorse the proposal submission.

one-step approval process by the Board. The proposed project cycle steps are as follows:

- (a) The project proponent submits a fully developed project document<sup>13</sup> based on a template approved by the Board (Annex 3, Appendix A for the case of projects and Appendix B for the case of programmes<sup>14</sup>). Proposals can be submitted to the Board through the Secretariat three times per year or as may be decided at any time by the Board depending on the flow of requests and the available resources. The timetable for the submission and review of proposals will be synchronized with the meetings of the Board to the extent possible.
- (b) The Secretariat will screen all proposals for consistency and provide a technical review. It will then forward the proposals with the technical reviews to the Projects and Programmes Review Committee for review, based on the criteria approved by the Board (Annex 3). Screening by the Secretariat will be conducted as soon as possible, and within fifteen (15) working days.
- (c) The Secretariat will send all project proposals received with technical reviews to the Project and Programmes Review Committee four weeks prior to the Adaptation Fund Board meeting. The Project and Programmes Review Committee will review the proposals and give its recommendation to the Board for a decision at the Meeting. The Committee may use services of independent adaptation experts to provide input into the review process if needed. The Board can approve or reject a proposal with a clear explanation to the implementing entities. Rejected proposals can be resubmitted after consideration of the reasons for rejection.
- (d) The proposals approved by the Board will be posted on the Adaptation Fund website. The Secretariat in writing will notify the proponent of the decision of the Board.

#### Review and Approval of Regular Projects and Programmes

41. Regular adaptation projects are those that request funding exceeding \$1 million. It is proposed that these proposals undergo either a one-step or a two-step<sup>15</sup> approval process. To reduce the time needed to get a project funded, proponents are encouraged to submit a fully-developed project

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<sup>13</sup> A fully developed project is one that has been appraised for technical and implementation feasibility and is ready for financial closure prior to implementation.

<sup>14</sup> Appendix B, a template for programmes to be completed at a future date

<sup>15</sup> A brief project concept is approved in the first step followed by the review and approval of a fully-developed project/document in the second-step. A two-step process, while time consuming minimizes the risk that a proponent does not invest time and energy in fully developing a project or program document that fails to meet the criteria of the Fund. Funding will only be reserved for a project after the approval of a fully-developed project document in the second step

document<sup>16</sup> for a one-step approval. The proposed project cycle steps for a one-step approval are as follows:

- (a) The project proponent submits a fully-developed project document based on a template approved by the Board. Proposals can be submitted to the Board through the Secretariat three times per year or in any other schedule to be decided by the Board. The timetable for the submission and review of proposals will be synchronized with the meetings of the Board as much as possible.
- (b) The Secretariat will screen all proposals for consistency and provide a technical review. It will forward the proposals and the technical reviews to the Projects and Programmes Review Committee for review based on the criteria approved by the Board (Annex 3). Screening by the Secretariat will be conducted as soon as possible, and within fifteen (15) working days.
- (c) The Secretariat will send all project proposals with technical reviews to the Project and Programmes Review Committee four weeks before the Adaptation Fund Board meeting. The Project and Programme Review Committee will review the proposals and give its recommendation to the Board for a decision at the Meeting. The Committee may use services of independent adaptation experts to provide input into the review process if needed. The Board can approve or reject a proposal with a clear explanation to the implementing entities. Rejected proposals can be resubmitted after consideration of the reasons for rejection.
- (d) All proposals approved by the Board will be posted on the Adaptation Fund website. The Secretariat in writing will notify the proponent of the decision of the Board.

#### Disbursement

42. The Secretariat will draft contracts, memoranda of understanding and/or other necessary agreements with implementing entities and provide these agreements for signature by the Chair or any other Member designated to sign these documents. The Board may, at its discretion, review any of the proposed agreements. A template approved by the Board will be used to prepare such agreements.
43. The Trustee will disburse funds on the written instruction of the Board, signed by the Chair, or any other Board Member designated by the Chair, and report to the Board on the disbursement of funds.

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<sup>16</sup> A fully developed project is one that has been appraised for technical and implementation feasibility and is ready for financial closure prior to implementation.

44. The Board will ensure a separation of functions between the review and verification of disbursement requests, and the issuance of instructions to the Trustee to disburse.
45. The Board may instruct the Trustee to disburse funds for programmes in tranches based on time specific milestones, and may require a progress review from the Implementing Entity prior to each tranche disbursement.

Monitoring, Evaluation and Review

46. The Board is responsible for the strategic oversight of projects and programmes implemented with resources from the Fund. The Ethics and Finance Committee, with support of the Secretariat, will monitor the Adaptation Fund portfolio of projects and programmes.
47. The Adaptation Fund Board will develop a results framework to support the Strategic Priorities, Policies, and Guidelines of the Adaptation Fund. The framework will take into consideration existing good practices and lay out an approach that: (i) incorporates measuring results with widely recognized tools; (ii) assesses risk on an ongoing basis; and (iii) incorporates learning into strategies, projects, and programmes.
48. The Board will oversee results at the fund-level. Implementing entities shall ensure that capacity exists to measure and monitor results of the Executing Entities at the country-level. The Board requires that projects and programmes under implementation submit annual status reports to the Ethics and Finance Committee. The Committee, with the support of the Secretariat, shall provide an annual report to the Board on the overall status of the portfolio and progress towards results.
49. All regular projects and programmes that complete implementation will be subject to terminal evaluation by an independent evaluator selected by the Implementing Entity. The Board reserves the right to submit small projects and programmes to terminal evaluation when deemed appropriate. Terminal evaluation reports will be submitted to the Board within a reasonable time after project termination, as stipulated in the project agreement. .
50. The Adaptation Fund Board will consider the process for developing a results framework to support projects and programmes and outline its main components with the aim of ensuring that the framework is in place before projects are approved.
51. The Adaptation Fund Board reserves the right to carry out independent reviews or evaluations of the projects and programmes as and when deemed necessary. The costs for such activities will be covered by the Adaptation Fund.
52. This project cycle will be kept under review by the Board.

#### Procurement

53. Procurements by the Implementing Entities or any of their attached organizations shall be performed in accordance with internationally accepted procurement principles, good procurement practices and the procurement regulations as applicable to a given Party. Implementing Entities shall observe the highest ethical standards during the procurement and execution of the concrete adaptation projects.
54. The project proposal submitted to the Board shall contain adequate and effective means to punish and prevent malpractices. The Implementing Entities should promptly inform the Board of any instances of such malpractices.

#### Project Suspensions and Cancellations

55. At any stage of the project cycle, either at its discretion or following an independent review-evaluation, the Ethics and Finance Committee may recommend to the Board to suspend or cancel a project for several reasons, notably:
  - (a) financial irregularities in the implementation of the project; and/or
  - (b) material breach and poor implementation performance leading to a conclusion that the project can no longer meet its objectives.
56. Before the Board makes its final decision whether to suspend or cancel a project or a programme, the concerned implementing entity will be given a fair chance to present its views to the Board.
57. In accordance with their respective obligations, Implementing Entities suspending or cancelling projects and programmes must notify and send detailed justification to the Board for information.
58. The Secretariat will report to the Board on an annual basis on all approved projects and programmes that were suspended or cancelled during the preceding year.

#### Reservations

59. The Board reserves the right to reclaim all or parts of the financial resources allocated for the implementation of a project or programme, or to cancel projects or programmes later found not to be satisfactorily accounted for. The implementing entity shall be given a fair chance to consult and present its point of view before the Board.

#### Dispute Settlement

60. In case of a dispute as to the interpretation, application, or implementation of the project/programme, the implementing entity shall first approach the Secretariat with a written request seeking clarification. In

case the issue is not resolved to the satisfaction of the implementing entity, the case may be put before the Board at its next meeting, to which a representative of the implementing entity could also be invited.

61. Subject to development on the legal status of the Board, the Board will draw more comprehensive dispute settlement provisions.

#### Management Fees

62. Every project proposal submitted to the Board shall state the management fee requested by the Implementing Entity, if any. The reasonability of the fee will be reviewed on a case by case basis.

#### Where to send a Request for Funding

63. All requests shall be sent to:

The Adaptation Fund Board Secretariat  
Tel: +1 202 473 0508  
Fax: +1 202 522 3240/5  
Email: [secretariat@adaptation-fund.org](mailto:secretariat@adaptation-fund.org)

64. Acknowledgment of the receipt shall be sent to the proposing Implementing Entities within a week of the receipt of the request for support. All project proposals submitted will be posted on the website of the Adaptation Fund Board. The Secretariat will provide facilities that will enable interested stakeholders to publicly submit comments about proposals.

#### Review of the Operational Policies and Guidelines

65. The Board shall keep these operational policies and guidelines under review and will amend them as deemed necessary.



## Annex I

### STRATEGIC PRIORITIES, POLICIES, AND GUIDELINES OF THE ADAPTATION FUND ADOPTED BY THE CMP

#### I. Background

1. The Conference of the Parties decided by its decision 10/CP.7 to establish an adaptation fund (the Adaptation Fund) to finance concrete adaptation projects and programmes in developing country Parties that are Parties to the Kyoto Protocol, as well as activities identified in decision 5/CP.7, paragraph 8. The decision was further endorsed by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) through its decision 28/CMP.1.
2. In decision 5/CMP.2, Parties agreed on guiding principles and modalities. Parties further agreed in decision 1/CMP.3 that the Adaptation Fund Board shall be established as the operating entity of the Adaptation Fund.
3. This document sets out the strategic priorities, policies and guidelines for the Adaptation Fund, developed by the Adaptation Fund Board as requested by Parties in decision 1/CMP.3, paragraph 5 (a).
4. The strategic priorities, policies and guidelines set out in this document form the basis upon which the operational policies and guidelines shall be developed to enable eligible Parties to access resources from the Adaptation Fund.

#### II. Strategic priorities

5. In accordance with decision 1/CMP.3, paragraphs 1 and 2, the Adaptation Fund shall:
  - (a) Assist developing country Parties to the Kyoto Protocol that are particularly vulnerable to the adverse effects of climate change in meeting the costs of adaptation;
  - (b) Finance concrete adaptation projects and programmes that are country driven and are based on the needs, views and priorities of eligible Parties.
6. In accordance with decision 5/CMP.2, paragraph 2 (c), projects and programmes funded under the Adaptation Fund should also take into account, inter alia, national sustainable development strategies, poverty reduction strategies, national communications and national adaptation programmes of action and other relevant instruments, where they exist.
7. In developing projects and programmes to be funded under the Adaptation Fund, eligible Parties should consider the guidance provided in decision

5/CP.7, paragraph 8, and, where necessary, further information included in reports from the Intergovernmental Panel on Climate Change and information generated under the Nairobi work programme on impacts, vulnerability and adaptation to climate change.

8. In developing projects and programmes, special attention shall be given by eligible Parties to the particular needs of the most vulnerable communities.

### **III. Strategic policies and guidelines**

9. operational principles and modalities that shall guide the provision of assistance by the Adaptation Fund to eligible Parties shall be consistent with decision 5/CMP.2, paragraphs 1 and 2.
10. Eligible Parties to receive funding from the Adaptation Fund are understood as developing country Parties to the Kyoto Protocol that are particularly vulnerable to the adverse effects of climate change including low-lying and other small island countries, countries with low-lying coastal, arid and semi-arid areas or areas liable to floods, drought and desertification, and developing countries with fragile mountainous ecosystems.
11. Eligible Parties can submit project proposals directly to the Adaptation Fund Board and implementing or executing entities chosen by governments that are able to implement the projects funded under the Adaptation Fund can approach the Adaptation Fund Board directly.
12. Funding for projects and programmes will be on a full adaptation cost basis to address the adverse effects of climate change.
13. Funding for projects and programmes will be available for projects and programmes at national, regional and community levels.
14. Short and efficient project development and approval cycles and expedited processing of eligible activities shall be developed.
15. In assessing project and programme proposals, the Adaptation Fund Board shall give particular attention to:
  - (c) Consistency with national sustainable development strategies, including, where appropriate, national development plans, poverty reduction strategies, national communications and national adaptation programmes of action and other relevant instruments, where they exist;
  - (d) Economic, social and environmental benefits from the projects;
  - (e) Meeting national technical standards, where applicable;
  - (f) Cost-effectiveness of projects and programmes;

- (g) Arrangements for management, including for financial and risk management;
  - (h) Arrangements for monitoring and evaluation and impact assessment;
  - (i) Avoiding duplication with other funding sources for adaptation for the same project activity;
  - (j) Moving towards a programmatic approach, where appropriate.
16. The decision on the allocation of resources of the Adaptation Fund among eligible Parties shall take into account:
- (k) Level of vulnerability;
  - (l) Level of urgency and risks arising from delay;
  - (m) Ensuring access to the fund in a balanced and equitable manner;
  - (n) Lessons learned in project and programme design and implementation to be captured;
  - (o) Securing regional co-benefits to the extent possible, where applicable;
  - (p) Maximizing multi-sectoral or cross-sectoral benefits;
  - (q) Adaptive capacity to the adverse effects of climate change.
17. The Adaptation Fund Board may wish to review elements of this strategic priority based on lessons learned.

## Annex II

### FIDUCIARY RISK MANAGEMENT STANDARDS FIDUCIARY RISK MANAGEMENT STANDARDS TO BE MET BY IMPLEMENTING ENTITIES

#### Competencies and Specific Capabilities

Required competency	Specific capability required	Illustrative means of verification
<b>I Financial Management and Integrity</b>	Accurately and regularly record transactions and balances in a manner that adheres to broadly accepted good practices, and are audited periodically by an independent firm or organization	<ul style="list-style-type: none"> <li>• Production of reliable financial statements prepared in accordance with internationally recognized accounting standards.</li> <li>• Annual external audited accounts that are consistent with recognized international auditing standards.</li> <li>• Production of detailed departmental accounts</li> <li>• Use of accounting packages that are recognised and familiar to accounting procedure in developing countries</li> <li>• Demonstrate capability for functionally independent internal auditing in accordance with internationally recognized standards.<sup>17</sup></li> </ul>
	Managing and disbursing funds efficiently and with safeguards to recipients on a timely basis;	<ul style="list-style-type: none"> <li>• A control framework that is documented with clearly defined roles for management, internal auditors, the governing body, and other personnel.</li> <li>• Financial projections demonstrating financial solvency</li> <li>• Demonstration of proven payment / disbursement systems</li> </ul>
	Produce forward-looking financial plans and budgets	<ul style="list-style-type: none"> <li>• Evidence of preparation of corporate , project or departmental / ministry budgets</li> <li>• Demonstration of ability to spend against budgets</li> </ul>
	Legal status to contract with the Adaptation Fund and third parties	<ul style="list-style-type: none"> <li>• Demonstration of necessary legal personality in case it is not government department/institution.</li> <li>• Demonstrated legal capacity/authority and the ability to directly receive funds</li> </ul>

<sup>17</sup> Such as International Standards on Auditing (ISA).

Required competency	Specific capability required	Illustrative means of verification
<b>II Requisite Institutional Capacity</b>		
	Procurement procedures which provide for transparent practices, including competition	<ul style="list-style-type: none"> <li>• Evidence of procurement policies and procedures at national levels consistent with recognized international practice (including dispute resolution procedures)</li> </ul>
	Capacity to undertake monitoring and evaluation	<ul style="list-style-type: none"> <li>▪ Demonstration of existing capacities for monitoring and independent evaluation consistent with the requirements of the Adaptation Fund.</li> <li>▪ Evidence that a process or system, such as project-at-risk system, is in place to flag when a project has developed problems that may interfere with the achievement of its objectives, and to respond accordingly to redress the problems.</li> </ul>
	Ability to identify, develop and appraise project	<ul style="list-style-type: none"> <li>• Availability of/ Access to resources and track records of conducting appraisal activities</li> <li>• Evidence of institutional system for balanced review of projects, particularly for quality-at-entry during design phase.</li> <li>• Risk assessment procedures are in place.</li> </ul>
	Competency to manage or oversee the execution of the project/programme including ability to manage sub-recipients and to support project /programme delivery and implementation	<ul style="list-style-type: none"> <li>• Understanding of and capacity to oversee the technical, financial, economic, social, environmental and legal aspects of the project and their implications</li> <li>• Demonstrated competence to execute or oversee execution of projects / programmes of the same nature as intended project or programme</li> </ul>

Required competency	Specific capability required	Illustrative means of verification
<b>III Transparency, self - investigative powers, and anti-corruption measures</b>	Competence to deal with financial mismanagement and other forms of malpractice	<ul style="list-style-type: none"> <li>• Demonstration of capacity and procedures to deal with financial mismanagement and other forms of malpractice.</li> <li>• Evidence of an objective investigation function for allegations of fraud and corruption.</li> </ul>

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*ANNEX I: TEMPLATES APPROVED BY THE ADAPTATION FUND BOARD***Approval and Operations Procedures**

1. **Adaptation Fund Project Approval Process:** There are two approval processes under the Adaptation Fund project cycle: (i) a one-step approval process; and (ii) a two-step approval process. Eligible developing country Parties to the Kyoto Protocol may submit project proposals directly to the Adaptation Fund Board Secretariat (AFBS) via its National Implementing Entities (NIEs) or via Multilateral Implementing Entities (MIEs). NIEs/MIEs have to be accredited by the Adaptation Fund Board (AFB) to be eligible as an implementing entity for the purpose of submitting projects to the Adaptation Fund. They should also meet the fiduciary standards and other qualifications provided by the Board. All small-size projects will follow the one-step approval process, while regular projects may follow either the one-step approval or the two-step approval process, depending on the stage of project preparation, and at the discretion of the project proponent. The following section outlines the steps of the approval processes.
  
2. **Single Approval Process:** This process may be used for small-size projects or regular projects with proposals that are already fully-prepared. Approval process includes the following steps:
  - (a) Eligible Parties submit a fully-prepared project document to the AFBS seven weeks before the next AFB meeting.
  - (b) The AFBS will screen all proposals and prepare a Technical Review for each project/programme. The AFBS will submit a collection of proposals consisting of technical reviews of all projects to the Project and Program Review Committee (PPRC) four (4) weeks prior to the next AFB meeting.
  - (c) The PPRC will review and prepare recommendations for the Board using a Recommendation Template. The PPRC will convene back-to-back to the Adaptation Fund Board (AFB) meeting to finalize its recommendation and submit its recommendation the next day to the AFB.
  - (d) AFB approves/rejects the recommendations during the meeting.
  - (e) All approved projects will be posted on the AF website following the conclusion of its meeting.
  
3. **Two-Step Approval Process:** The two-step approval process may be used for regular projects if it is so decided by the proponent Party: (i) project concept approval; and (ii) final project document approval. Each of these steps is subject to the same approval process as the single approval process, i.e., the project is subjected to the single approval process twice. The rationale for choosing such a process is for a country to receive feedback or guidance from the AFB upstream before a project has been fully prepared. The following two documentations are required to be submitted at each step following the same procedures as the single approval process:

- (a) 1<sup>st</sup> step: Regular Project Concept.
- (b) 2<sup>nd</sup> step: Regular Project Final Project Document.

4. **Documentation required in the submission:**

- (a) *Regular Project Concept*: used for the first step of the two-step approval process (only for regular projects that have not been fully developed);
- (b) *Small-sized Project Document Template*: for use when submitting small-sized projects;
- (c) *Regular Project Document Template*: for use when submitting regular projects (for regular projects that have been fully developed);
- (d) *Full Project Document* prepared by NIEs/MIEs for both small-sized and regular projects;
- (e) Endorsement Template endorsed by the country's designated authority for the Adaptation Fund.<sup>1</sup>

5. **Categories of projects under the Adaptation Fund:**

- (a) Small-Sized projects (SPs): defined as project proposals requesting up to \$1.0 million.
- (b) Regular-Sized projects (RPs): project proposals requesting more than \$1.0 million
- (c) Programme: a series of projects which could include small-size projects or regular projects aimed at achieving an outcome that is otherwise not achievable by a single project. Projects under a programme would have synergies in their objectives and implementations.

6. **Definitions of Terms:**

- (d) Projects: A concrete adaptation project is defined as a set of activities aimed at addressing the adverse impacts of and risks posed by climate change.
- (e) Programme: An adaptation program is a process, a plan or an approach for addressing climate change impacts which are broader than the scope of an individual project. The Board will provide further guidance on the adaptation programmes, its aims and objectives in the future on the basis of lessons learned.

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<sup>1</sup> The designated authority referred to in paragraph 21 of the operational guidelines.



## 7. Financing and Disbursement:

- (a) Financing: funding for projects and programs will be on a full adaptation cost basis to address the adverse effects of climate change.<sup>2</sup>
- (b) Disbursement: The Trustee will disburse funds on the written instruction of the Board, signed by the Chair and the Vice-Chair, or any other Board Member designated by the Chair and the Vice-Chair, and report to the Board on the disbursement of funds.

### Adaptation Fund Project Review Criteria

1. The following review criteria for Adaptation Fund projects are applicable to both the small-size projects and regular projects under the single-approval process. For regular projects using the two-step approval process, only the first four criteria will be applied when reviewing the 1<sup>st</sup> step for regular project concept. In addition, the information provided in the 1<sup>st</sup> step approval process with respect to the review criteria for the regular project concept could be less detailed than the information in the request for approval template submitted at the 2<sup>nd</sup> step approval process. Furthermore, a final project document is required for regular projects for the 2<sup>nd</sup> step approval, in addition to the approval template.

Review Criteria	
1. Country Eligibility	<ul style="list-style-type: none"> <li>• Is the country party to the Kyoto Protocol?</li> <li>• Is the country a developing country particularly vulnerable to the adverse effects of climate change?<sup>3</sup></li> </ul>
2. Project Eligibility	<ul style="list-style-type: none"> <li>• Has the government endorsed the project?<sup>4</sup></li> <li>• Does the project support concrete adaptation actions to assist the country in addressing the adverse effects of climate change?</li> <li>• Does the project provide economic, social and environmental benefits, with particular reference to the most vulnerable communities?</li> <li>• Is the project cost-effective?</li> <li>• Is the project consistent with national sustainable development strategies, national development plans, poverty reduction strategies, national communications or adaptation programs of action, or other relevant instruments?</li> </ul>

<sup>2</sup> Para. 14 of the “Provisional Operational Policies and Guidelines for Parties to Access Resources from the Adaption Fund,” and para. 12 of the “Strategic Priorities, Policies, and Guidelines of the Adaptation Fund.”

<sup>3</sup> Further reference to the eligibility of country can be found in the document: “Strategic Priorities, Policies, and Guidelines of the Adaptation Fund”

<sup>4</sup> Each Party shall designate and communicate to the Secretariat the authority that will endorse on behalf of the national government the projects and programmes proposed by the implementing entities.

	<ul style="list-style-type: none"> <li>• Does the project meet the relevant national technical standards, where applicable?</li> <li>• Is there duplication of project with other funding sources?</li> <li>• Does the project have a learning and knowledge management component to capture and feedback lessons?</li> <li>• Has the project provided justification for the funding requested on the basis of the full cost of adaptation?</li> </ul>
3. Resource Availability	<ul style="list-style-type: none"> <li>• Is the requested project funding within the cap of the country?</li> </ul>
4. Eligibility of NIE/MIE	<ul style="list-style-type: none"> <li>• Is the project submitted through an eligible NIE/MIE that has been accredited by the Board?</li> </ul>
5. Implementation Arrangement	<ul style="list-style-type: none"> <li>• Is there adequate arrangement for project management?</li> <li>• Are there measures for financial and project risk management?</li> <li>• Are arrangements for monitoring and evaluation clearly defined, including a budgeted M&amp;E plan?</li> <li>• Is a project results framework included?</li> </ul>

Attached with this note are the following:

**Appendix A: Request for Project Funding from Adaptation Fund**

**Appendix B: Government Endorsement Letter Template (submitted through NIEs/MIEs)**

**Appendix C: Adaptation Fund Secretariat Technical Review for Adaptation Fund Projects**

**Appendix D: PPRC Recommendation for Project Approval**

**Appendix A**



**ADAPTATION FUND**

DATE OF RECEIPT:  
ADAPTATION FUND PROJECT ID:  
(For Adaptation Fund Board Secretariat  
Use Only)

**REQUEST FOR PROJECT FUNDING FROM THE ADAPTATION  
FUND**

THE ANNEXED FORM SHOULD BE COMPLETED AND TRANSMITTED TO THE ADAPTATION FUND BOARD SECRETARIAT BY EMAIL OR FAX.

PLEASE TYPE IN THE RESPONSES USING THE TEMPLATE PROVIDED. THE INSTRUCTIONS ATTACHED TO THE FORM PROVIDE GUIDANCE TO FILLING OUT THE TEMPLATE.

PLEASE NOTE THAT A PROJECT MUST BE FULLY PREPARED (I.E., FULLY APPRAISED FOR FEASIBILITY) WHEN THE REQUEST IS SUBMITTED. THE FINAL PROJECT DOCUMENT RESULTING FROM THE APPRAISAL PROCESS SHOULD BE ATTACHED TO THIS REQUEST FOR FUNDING.

COMPLETE DOCUMENTATION SHOULD BE SENT TO

THE ADAPTATION FUND BOARD SECRETARIAT  
ROOM G-6  
1818 H STREET NW  
WASHINGTON, DC. 20433  
U.S.A  
FAX: (202) 522-3240/5  
Email: [secretariat@adaptation-fund.org](mailto:secretariat@adaptation-fund.org)



**PROJECT PROPOSAL**



**PART I: PROJECT INFORMATION**

PROJECT CATEGORY:  
 COUNTRY/IES:  
 TITLE OF PROJECT:  
 TYPE OF IMPLEMENTING ENTITY:  
 IMPLEMENTING ENTITY:  
 EXECUTING ENTITY/IES:  
 AMOUNT OF FINANCING REQUESTED: (In U.S Dollars Equivalent)



**PROJECT BACKGROUND AND CONTEXT:**  
*Provide brief information on the problem the proposed project is aiming to solve. Outline the economic and social development context in which the project would operate.*



**PROJECT OBJECTIVES:**  
*List the main objectives of the project.*



**PROJECT COMPONENTS AND FINANCING:**  
*Fill in the table presenting the relationships among project components, activities, expected concrete outputs, and the corresponding budgets. If necessary, please refer to the attached instructions for a detailed description of each term.*

PROJECT COMPONENTS	ACTIVITIES	EXPECTED CONCRETE OUTPUTS	AMOUNT (US\$)
1.			
2.			
3.			
4.			
5.			
6. Project Execution cost			
7. Total Project Cost			
8. Project Cycle Management Fee charged by the Implementing Entity (if applicable)			
<b>Amount of Financing Requested</b>			

**PROJECTED CALENDAR:**  
*Indicate the dates of the following milestones for the proposed project*

<b>MILESTONES</b>	<b>EXPECTED DATES</b>
Start of Project Implementation	
Mid-term Review (if planned)	
Project Closing	
Terminal Evaluation	



## PART II: PROJECT JUSTIFICATION

DESCRIBE THE PROJECT COMPONENTS, PARTICULARLY FOCUSING ON THE CONCRETE ADAPTATION ACTIVITIES OF THE PROJECT, AND HOW THESE ACTIVITIES CONTRIBUTE TO CLIMATE RESILIENCE.

DESCRIBE HOW THE PROJECT PROVIDES ECONOMIC, SOCIAL AND ENVIRONMENTAL BENEFITS, WITH PARTICULAR REFERENCE TO THE MOST VULNERABLE COMMUNITIES.

DESCRIBE OR PROVIDE AN ANALYSIS OF HOW THE PROPOSED PROJECT IS COST-EFFECTIVE?

DESCRIBE HOW THE PROJECT IS CONSISTENT WITH NATIONAL SUSTAINABLE DEVELOPMENT STRATEGIES, INCLUDING, WHERE APPROPRIATE, NATIONAL DEVELOPMENT PLANS, POVERTY REDUCTION STRATEGIES, NATIONAL COMMUNICATIONS, OR NATIONAL ADAPTATION PROGRAMS OF ACTION, OR OTHER RELEVANT INSTRUMENTS, WHERE THEY EXIST.

DESCRIBE HOW THE PROJECT MEETS RELEVANT NATIONAL TECHNICAL STANDARDS, WHERE APPLICABLE.

DESCRIBE IF THERE IS DUPLICATION OF PROJECT WITH OTHER FUNDING SOURCES, IF ANY.

IF APPLICABLE, DESCRIBE THE LEARNING AND KNOWLEDGE MANAGEMENT COMPONENT TO CAPTURE AND DISSEMINATE LESSONS LEARNED.

DESCRIBE THE CONSULTATIVE PROCESS, INCLUDING THE LIST OF STAKEHOLDERS CONSULTED, UNDERTAKEN DURING PROJECT PREPARATION.

PROVIDE JUSTIFICATION FOR FUNDING REQUESTED, FOCUSING ON THE FULL COST OF ADAPTATION REASONING.



### PART III: IMPLEMENTATION ARRANGEMENTS

DESCRIBE THE ARRANGEMENTS FOR PROJECT IMPLEMENTATION.

DESCRIBE THE MEASURES FOR FINANCIAL AND PROJECT RISK MANAGEMENT.

DESCRIBE THE MONITORING AND EVALUATION ARRANGEMENTS AND PROVIDE A BUDGETED M&E PLAN.

INCLUDE A PROJECT RESULTS FRAMEWORK FOR THE PROJECT PROPOSAL.



**PART IV: ENDORSEMENT BY GOVERNMENT AND CERTIFICATION BY THE IMPLEMENTING ENTITY**

**A. RECORD OF ENDORSEMENT ON BEHALF OF THE GOVERNMENT<sup>1</sup>** *Provide the name and position of the government official and indicate date of endorsement. If this is a regional project, list the endorsing officials all the participating countries. The endorsement letter(s) should be attached as an annex to the project proposal. Please attach the endorsement letter(s) with this template; add as many participating governments if a regional project:*

<i>(Enter Name, Position, Ministry)</i>	<i>Date: (Month, day, year)</i>
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**B. IMPLEMENTING ENTITY CERTIFICATION** *Provide the name and signature of the Implementing Entity Coordinator and the date of signature. Provide also the project contact person's name, telephone number and email address*

I certify that this proposal has been prepared in accordance with guidelines provided by the Adaptation Fund Board, and prevailing National Development and Adaptation Plans (.....list here.....) and subject to the approval by the Adaptation Fund Board, understands that the Implementing Entity will be fully (legally and financially) responsible for the implementation of this project.	
<i>Name &amp; Signature</i> Implementing Entity Coordinator	
<i>Date: (Month, Day, Year)</i>	<i>Tel. and email:</i>
<i>Project Contact Person:</i>	
<i>Tel. And Email:</i>	

<sup>1</sup> Each Party shall designate and communicate to the Secretariat the authority that will endorse on behalf of the national government the projects and programmes proposed by the implementing entities.

**INSTRUCTIONS FOR PREPARING A REQUEST FOR PROJECT FUNDING FROM**

**THE ADAPTATION FUND**

**DATE OF RECEIPT.** Please leave this space on the top right of the page blank. The Adaptation Fund Board Secretariat will fill in the date on which the proposal is received at the Secretariat.

**ADAPTATION FUND PROJECT ID.** Please leave this space on the top right of the page blank. The Adaptation Fund Board Secretariat will assign a number to your project internally.

**PART I: PROJECT INFORMATION**

**PROJECT CATEGORY:** Please specify which type of project you are proposing. The two options are:

- A) **SMALL-SIZED PROJECT.** Proposals requesting grants up to \$1 million.
- B) **REGULAR PROJECT.** Proposals requesting grants of more than \$1 million.

**COUNTRY/IES:** Please insert the name of the country requesting the grant. Please note that regional projects should mention all the participating countries.

**TITLE OF PROJECT:** Please enter the title of the proposed project.

**TYPE OF REQUESTING ENTITY:** Please specify which type of Implementing Entity the project will be managed by. The two options are:

- (a) National Implementing Entity
- (b) Multilateral Implementing Entity

**NAME OF IMPLEMENTING ENTITY:** Please specify the name of the Implementing Entity

**EXECUTING ENTITY(IES).** Please specify the name of the organisation(s) that will execute(s) the project funded by the Adaptation Fund under the oversight of the Implementing Entity.

**AMOUNT OF FINANCING REQUESTED.** Please fill the grant amount (in US Dollars equivalent) requested from the Adaptation Fund for this proposal.

**PROJECT BACKGROUND AND CONTEXT.** *Provide brief information on the problem the proposed project is aiming to solve. Outline the economic and social development context in which the project would operate.*

**PROJECT OBJECTIVES.** *List the main objectives of the project.*

**PROJECT COMPONENTS AND FINANCING.** Please fill out the table presenting the relationships among project components, activities, expected concrete outputs, and their corresponding budgets to accomplish them. The aforementioned terms are defined below to facilitate the process of completing the table:



**PROJECT COMPONENTS.** The division of the project into its major parts; an aggregation of set of activities

**ACTIVITIES.** Actions taken or work performed through which inputs, such as funds, technical assistance and other types of resources are mobilized to produce specific outputs.

**EXPECTED CONCRETE OUTPUTS.** The product, capital goods and services which result from a development intervention relevant to the achievement of outcomes.

**AMOUNT (\$).** Indicate grant amounts in US dollars by project components.

**PROJECT EXECUTION COST.** The main items supported by the Adaptation Fund for project management including consultant services, travel and office facilities, etc.

**TOTAL PROJECT COST.** This is the sum of all project components requesting Adaptation Fund Board approval.

**IMPLEMENTING ENTITY PROJECT CYCLE MANAGEMENT FEE.** This is the fee that is requested by an Implementing Entity for project cycle management services.

**AMOUNT OF FINANCING REQUESTED.** This amount includes the total project cost plus the project cycle management fee.

**PROJECTED CALENDAR.** Please indicate the dates of the following milestones for the proposed project.

**START OF PROJECT IMPLEMENTATION** The date on which project becomes effective and disbursement can be requested. This is also the trigger date for the Adaptation Fund Trustee to allow the Implementing Entities to request for disbursement

**MID-TERM REVIEW.** The date on which the Implementing Entity completes its mid-term review of the project.

**PROJECT CLOSING.** Project closing is set as six months after Project Completion. This is the date on which Implementing Entity completes disbursement from the grant and may cancel any undisbursed balance in the grant account.

**TERMINAL EVALUATION.** The date on which the Implementing Entity completes the terminal evaluation report, normally two months after project completion but in any case, no later than twelve months after project completion.

**PART II: PROJECT JUSTIFICATION**

1. Describe the project components, including details of activities in each component, regarding how the components will meet project objectives. Describe how the activities will help with adaptation to climate change and improve climate resilience.
2. Describe how the outputs and outcomes of the project will provide economic, social and environmental benefits, particularly to the most vulnerable communities in the project area.
3. How is the project cost-effective. Compare to other possible interventions that could have been taken to achieve similar project objectives.
4. Describe how the project is located in the framework of national development strategies, plans, action plans, etc.
5. Describe how the project design meets national technical standards.
6. Describe if the project overlaps or duplicates similar activities from other funding sources.
7. Describe the activities included in the project to gather lessons learned from project design and implementation and for their dissemination.
8. Describe the consultative process undertaken during project design. List the stakeholders consulted and the methods of consultation.
9. Provided the full cost of adaptation reasoning for the funding requested for the project.

**PART III: IMPLEMENTATION ARRANGEMENTS.**

Describe the various elements of project implementation as enumerated below:

- a. Adequacy of project management arrangements.
- b. Measures for financial and project risk management.
- c. Monitoring and evaluation arrangements including budgeted M&E plan.
- d. Results framework for the project.

**PART IV: ENDORSEMENT BY THE DESIGNATED GOVERNMENT AUTHORITY FOR ADAPTATION FUND AND CERTIFICATION BY THE IMPLEMENTING ENTITY**

- 1. RECORD OF ENDORSEMENT BY DESIGNATED GOVERNMENT AUTHORITY.** Provide the name, position, and government office of the designated government authority and indicate date of endorsement. If this is a regional project, list the designated government authorities of all participating countries endorsing the project. The endorsement letter(s) should be attached as an annex to the project proposal.
  
- 2. IMPLEMENTING ENTITY CERTIFICATION.** Provide the name and signature of the Implementing Entity Coordinator and the date of signature. Provide also the project contact person's name, telephone number and email address.



ADAPTATION FUND

## Appendix B

### Letter of Endorsement by Government

[Government Letter Head]

[Date of Endorsement Letter]

To: The Adaptation Fund Board  
c/o Adaptation Fund Board Secretariat  
Email: Secretariat@Adaptation-Fund.org  
Fax: 202 522 3240/5

Subject: Endorsement for [Title of Project]

In my capacity as focal point for the Adaptation Fund in [country], I confirm that the above (select national or regional) project proposal is in accordance with the government's (select national or regional) priorities in implementing adaptation activities to reduce adverse impacts of, and risks, posed by climate change in the (select country or region).

Accordingly, I am pleased to endorse the above project proposal with support from the Adaptation Fund. If approved, the proposal will be coordinated and implemented by [national or local executing entity].

Sincerely,

[Name of Designated Government Official]



## ADAPTATION FUND BOARD SECRETARIAT TECHNICAL REVIEW OF PROJECT PROPOSAL

PROJECT CATEGORY: (select)

Country/Region:

Project Title:

AF Project ID:

NEI/MEI Project ID:

Regular Project Concept Approval Date (if applicable):

AFB Secretariat Screening Manager:

Requested Financing from Adaptation Fund (US Dollars):

Anticipated Submission of final RP document (if applicable):

NIE/MIE Contact Person:

Review Criteria	Questions	Comments
Country Eligibility	1. Is the country party to the Kyoto Protocol?	
	2. Is the country a developing country particularly vulnerable to the adverse effects of climate change?	
Project Eligibility	1. Has the designated government authority for the Adaptation Fund endorsed the project?	
	2. Does the project exhibit adaptive capacity to the adverse effects of climate change and build in climate resilience?	
	3. Does the project provide economic, social and environmental benefits, particularly to vulnerable communities?	
	4. Is the project cost effective?	
	5. Is the project consistent with national sustainable development strategies, national development plans, poverty reduction strategies, national communications and adaptation programs of action and other relevant instruments?	

	6. Does the project meet the relevant national technical standards, where applicable?	
	7. Is there duplication of project with other funding sources?	
	8. Does the project have a learning and knowledge management component to capture and feedback lessons?	
	9. Is the requested financing justified on the basis of full cost of adaptation reasoning?	
Resource Availability	1. Is the requested project funding within the cap of the country?	
Eligibility of NIE/MIE	2. Is the project submitted through an eligible NIE/MIE that has been accredited by the Board?	
Implementation Arrangement	1. Is there adequate arrangement for project management?	
	2. Are there measures for financial and project risk management?	
	3. Are arrangements for monitoring and evaluation clearly defined, including budgeted M&E plans?	
	4. Is a results framework included?	

Technical Summary	
Date:	



Appendix D

**Project and Program Review Committee  
Recommendation for Projects Submitted for the**

Project Title	AF Grant Amount (\$)	Implementing Entity project cycle management fee	Total AF Resources Used (\$)	Recommendation		Justification
				Yes	No	
1.						
2.						
Subtotal						
Total AF Resources Approved						

## Annex III

[English Only]

### **Terms of Reference of Board Committees and General Guidelines for Board Committees**

#### **Ethics and Finance Committee**

##### **Terms of Reference**

1. The Ethics and Finance Committee (EFC) shall be responsible for providing advice to the Board on issues of conflict of interest, ethics, finance and audit.
2. In this regard, the EFC shall:
  - (a) Develop, for approval by the Board, a draft Code of Conduct for the implementation of section VII of the Rules of Procedure in order to protect Board members and alternates and the staff of the secretariat from conflict of interest in their participation, identifying cases of conflict of interest and the related procedures;
  - (b) Oversee the implementation of the Code of Conduct and address differences in its interpretation as well as consequences of breach of the Code of Conduct;
  - (c) Review and provide advice on the budget for the operating expenses of the Board, secretariat and trustee;
  - (d) Advise the Board on overall resource mobilization policy and approach, including recommendations from the trustee with respect to monetization of CERs and receipt of contributions from other sources;
  - (e) Review the financial statements of the Fund;
  - (f) Review the performance of the Fund and NIEs and MIEs making use of both internal and external evaluations and reports from NIEs, MIEs and other sources as appropriate;
  - (g) Address issues concerning monitoring and evaluation of projects and programmes; including *inter alia*, annual status reports, Annual Monitoring Reports and other matters in accordance with paragraphs 42 to 45 of the Operational Policies and Guidelines;
  - (h) Oversee the activities of the Secretariat involving recruitment and procurement of services and other activities related to the area of responsibility of the Committee ;



- (i) Oversee the activities of the trustee in areas relevant to the responsibility of the Committee;
  - (j) Consider any other matter the Board deems appropriate.
3. The EFC, in consultation with the Board Chair, may require assistance and/or advice from experts in the performance of its functions;
4. When the matter under discussion so requires, the trustee will attend the meetings of the EFC.

### **Project and Programme Review Committee**

#### **Terms of Reference**

1. The Project and Programme Review Committee (PPRC) shall be responsible for assisting the Board in tasks related to project/programme review in accordance with the *Provisional Operational Policies and Guidelines for Parties to access resources of the Adaptation Fund* (the Operational Policies and Guidelines), and for providing recommendations and advice to the Board thereon.
2. In this regard, the PPRC shall:
  - (a) Consider and review projects and programmes submitted to the Board by eligible Parties in accordance with the Operational Policies and Guidelines;
  - (b) Address issues arising from projects and programmes submitted to the Board, including outstanding policy issues;
  - (c) Review the project and programme reports submitted by National Implementing Entities (NIEs) and Multilateral Implementing Entities (MIEs) in accordance with paragraph 46 of the Operational Policies and Guidelines, with the support of the Secretariat; Report and make recommendations to the Board on project and programme approval, cancellation, termination, suspension and on any other matter under its consideration; and
  - (d) Consider any other matter the Board deems appropriate.
3. Representatives from NIEs and MIEs may be invited by the Chair of the PPRC to attend the meetings in order to explain details of the projects and programmes before the PPRC and provide information to assist in the deliberations.
4. The PPRC, in consultation with the Board Chair, may require assistance and/or advice from experts in the performance of its functions;

### **General Guidelines for Committees**

#### **I. Membership**

1. The Committees shall consist of Board members and alternates.
2. The members of the Committees shall serve for a term of 1 year and shall be eligible to serve a maximum of two consecutive terms. Rotation of members will be made so as to ensure continuity.
3. If a member is not able to carry out her or his functions, or ceases to be a member, a new member shall be appointed by the Board for the remainder of the term.

#### **II. Chairmanship**

4. The Chair and Vice-Chair of the Board, in consultation with the Board, will nominate a Chair and a Vice-Chair for each Committee.
5. The Board shall elect the Chair and Vice-Chair of each Committee, with one being a member from an Annex I Party and the other being from a non-Annex I Party. The position of Chair and Vice-Chair shall alternate annually between a member from an Annex I Party and a member from a non-Annex I Party.
6. If the Chair or Vice-Chair is not able to carry out her or his functions, or ceases to be a member, a new Chair or Vice-Chair shall be appointed by the Board for the remainder of the term.

#### **III. Accountability**

7. The decisions and work plan of the Board shall clearly state the scope of the issues to be addressed by each Committee and determine which Committee bears primary responsibility on each matter.
8. The Committees shall forward any issues related to their mandate to the Board for discussion and decision-making.

#### **IV. Operating procedures**

9. The Committees shall be bound by their terms of reference as adopted by the Board, and these General Guidelines. The Board will revise the terms of reference and these General Guidelines as necessary, following the recommendations by the Committees.
10. The *Rules of Procedure of the Adaptation Fund Board* (the Rules of Procedure) shall apply *mutatis mutandi* to the meetings of the Committees.
11. The Committees shall convene their meetings as decided by the Board, and shall meet simultaneously and back to back to the Board meetings.
12. The Committee meetings will be closed, unless otherwise decided by the Board.
13. The working language of the Committees shall be English.

14. The Secretariat will establish a secure link for each Committee on the Fund website to facilitate the above consultations and to provide Board members with access to the working documents of the Committees.

15. The Chairs of the Committees shall endeavour to reach consensus regarding proposed recommendations to the Board. In circumstances where a Committee cannot reach consensus, it shall forward the different views of the members to the Board.

16. The recommendations of the Committees shall be made publicly available, unless otherwise decided by the Board.

17. The Committees shall report annually to the Board on their performance, including meeting attendance and effectiveness.

#### **V. Experts**

18. The Committees, in consultation with the Board Chair, may require assistance and/or advice from experts in the performance of their functions;

19. The Board shall approve terms of reference for the experts, including a mechanism for reporting to the Committee and the criteria for selection.

20. The secretariat will issue a call for experts at international level and will prepare a roster of experts with demonstrated and recognized capacity in their field of work, taking into account the terms of reference for experts as approved by the Board. Consideration will be given to a balanced regional representation. The Committee Chair and Vice-Chair will choose experts from the roster mentioned above.

21. The experts will be subject to the Code of Conduct as approved by the Board and related decisions and policies;

22. The experts who are providing advice to the Committee on a particular issue will be allowed to attend the discussion of the relevant agenda item at Board meetings, unless otherwise decided by the relevant Committee.

#### **VI. Role of the secretariat**

23. The secretariat shall coordinate and support the work of the Committees;

24. The Secretariat shall appoint one qualified officer as the secretariat focal point for each Committee.

25. The secretariat's Committee focal point will provide secretarial assistance and support to the work of the Committee, attend its meetings, and assist the Chair and the Vice-Chair in order to prepare, facilitate and coordinate its work and meetings. The focal points will be subject to the guidance of the Chairs and Vice-Chairs, and will be responsive to the tasks assigned to them by the Committee.

## Annex IV

[ENGLISH ONLY]

### **Terms of Reference for the Establishment of the Adaptation Fund Board Accreditation Panel**

#### **Background and Context**

The Adaptation Fund has been established by the Parties to the Kyoto Protocol of the UN Framework Convention on Climate Change to finance concrete adaptation projects and programmes in developing countries that are Parties to the Kyoto Protocol.

The Adaptation Fund is considered an innovative mechanism for three particular reasons:

- (a) It is funded by an international levy from the Clean Development Mechanism of the Kyoto Protocol.
- (b) It is governed by a body—the Adaptation Fund Board (the Board)—which has majority representation from developing countries.
- (c) It provides eligible developing countries an opportunity to directly access its funds.

In order to provide direct access to its funds, the Adaptation Fund requires national legal entities nominated by eligible countries to meet the fiduciary standards adopted by the Board and to be accredited as National Implementing Entities (NIE). Therefore, the Board has decided to establish an Accreditation Panel that will review applications for accreditation and make recommendations to the Board.

The Board is therefore seeking external experts to serve on its Accreditation Panel (the Panel).

#### **Mandate of the Panel**

In accordance with the *Operational Policies and Guidelines for Parties to Access Resources from the Adaptation Fund* (hereafter “the operational policies and guidelines”), the Panel shall make recommendations to the Board regarding:

- (a) The accreditation of an implementing entity;
- (b) The conditional accreditation of an implementing entity;
- (c) The suspension of accreditation of an implementing entity;
- (d) The cancellation of accreditation of an implementing entity; and
- (e) The re-accreditation of an implementing entity.

The tasks identified in the paragraph above imply that, *inter alia*, the following activities are to be carried out by the Panel:

- (a) Review and consideration of applications for accreditation of implementing entities, based on *i.a.* information provided in the Application Form.

In case an application is not immediately approved the following considerations may be taken:

- (a) Determination of whether technical support needs to be provided to an applicant implementing entity to improve its capacities in order to attain accreditation, and the extent of the required support;
- (b) Determination of the existence of exceptional circumstances that would justify the use of an external assessor to help resolve difficult/contentious issues;
- (c) Determination of the need to require additional information or resubmission of an application from an applicant implementing entity;
- (d) Determination of whether an on-site visit and/or observation of the designated implementing entity is required;
- (e) Make recommendations to the Board on the issues above, as applicable.

### **Membership**

The Panel shall be composed of five (5) members selected by the Board. The five Panel members will be comprised of two (2) Board members or alternates and (3) three external experts with demonstrated and recognized capacity in their field of work.

The two members of the Panel who are Board members will be designated by the Board as Chair and Vice-chair of the Panel.

The Secretariat shall invite and compile a list of experts for consideration by the Board. The Board shall select the expert members of the panel from this list, taking fully into account considerations of regional balance and competence/expertise. In addition, the Board may draw on the advice, as necessary, of experts identified by the International Accreditation Forum (IAF).

Panel members shall be designated to serve on the panel for two (2) calendar years.

Panel members who are also Board members shall be eligible to serve two consecutive terms. However, in order to ensure continuity in the work of the Panel after its inaugural period, only one of these two members shall be replaced after his or her first term.

Panel members who are external experts may be reelected for two consecutive terms, as the Board deems appropriate, taking into account the performance of the expert.

The Board shall oversee the performance of the panel and its members, as necessary.

### **Competence requirements**

The panel members who are external experts shall have:

- (a) Demonstrated relevant work experience in accounting, auditing, public finance or project management of at least 5 years in a national, regional or international capacity. Experience with any national or international accreditation body would be an advantage;
- (b) An understanding of government and nongovernmental financial reporting systems. Knowledge of forensic accounting and internal control mechanisms would be desirable;
- (c) Ability to communicate fluently, both in writing and orally, in English. Working knowledge of other UN languages would be desirable;
- (d) Excellent drafting skills, strong operational and analytical skills, and an ability to work as a member of a team; and
- (e) A university degree in economics, accounting, or any related discipline.

The Board shall require members of the Panel to commit in writing to comply with the rules defined by the Board, in particular with regard to confidentiality and to independence from commercial and other conflict of interests, including any existing or prior association with an implementing entity to be assessed.

### **Modalities of work**

The Panel shall operate under the guidance and authority of the Board and shall be bound by these terms of reference, as well as by the operational policies and guidelines and the code of conduct, as adopted by the Board. The *General Guidelines for Board Committees*<sup>1</sup> shall apply *mutatis mutandi* to the Panel.

The mandate of the Panel may be revised or terminated by the Board if necessary.

Panel meetings can be held with panel members being either physically or electronically present. The dates and modalities of panel meetings shall be determined by the Chair and Vice-chair of the Panel, bearing in mind resources available and the need for accreditation review.

### **Compensation**

Travel costs and daily subsistence allowance shall be paid to those panel members who are Board members and attending a meeting of the panel or

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<sup>1</sup> Report of the Sixth meeting of the Adaptation Fund Board, annex VI.

undertaking any official site visit as approved by the Board, in accordance with UN rules.

Members of the Panel who are external experts shall be paid fees for their services and travel expenses.

**Revision of the TORs**

The Board will revise these terms of reference as necessary.

**Annex V**

[ENGLISH ONLY]

**Reimbursements of Funds to Parties for Their Contributions Pursuant to Paragraph 27 of Decision 1/CMP.3**

1. The Conference of Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP), in paragraph 27 of Decision 1/CMP.3, (i) invited Parties to finance the administrative expenses for operating the Adaptation Fund (the AF) in an interim phase, until the monetization of the share of proceeds of certified emission reductions (CERs) to meet the costs of adaptation is operational, by making contributions for the AF, and (ii) decided that such contributions shall be reimbursed, if requested, from the monetization of the share of proceeds of CERs, in accordance with procedures and a timetable to be determined by the CMP upon the recommendation of the AF Board.

2. As of 29 July 2009, the governments of Australia, Denmark, Finland, France, Japan, Netherlands, Norway, Sweden, Switzerland, the United Kingdom, and UNEP have paid in contributions in the total amount of USD 3,186,875 to cover the administrative costs and expenses of the AF Board and the AF Secretariat in an interim phase. This amount includes a USD 700,000 temporary loan which was provided by the LDCF trust fund and has since been repaid as well as administrative fees charged for set-up and maintenance of the accounts. Among those donors, Australia, the United Kingdom and UNEP have requested to be reimbursed for their contributions. Details of the status of the contributions are provided in the table below.



Table  
**Status of Contributions at 29 July 2009**

<i>Donor</i>	<i>Currency</i>	<i>Amount</i>	<i>US Equivalent*</i>	<i>Reimbursement</i>
<i>Fully paid</i>				
Australia	AUD	200,000	191,340	Yes
Denmark	DKK	3,000,000	544,030	No
Finland	EUR	100,000	155,340	No
France	EUR	95,000	122,693	No
Japan	USD	13,094	13,093	No
LDCF - loan	USD	700,000	700,000	Yes
LDCF - repayment	USD	(700,000)	(700,000)	No
Netherlands	EUR	100,000	139,300	No
Norway	NOK	1,000,000	201,726	No
Sweden	SEK	2,100,000	251,154	No
Switzerland	CHF	200,000	178,651	No
United Kingdom	GBP	500,000	990,300	Yes
UNEP	USD	500,000	500,000	Yes
Administrative fees	USD	(100,752)	(100,752)	
<b>Net total fully paid</b>			<b>3,186,875</b>	

\*Represents actual United States dollars purchased after payment by donor.