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Item 10(a) of the provisional agenda
Adaptation Fund
Report of the Adaptation Fund Board

Report of the Adaptation Fund Board

Note by the secretariat

1. Decision 1/CMP.3, paragraph 5(l) requests the Adaptation Fund Board to report on its activities at each session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol .
2. The report of the Adaptation Fund Board (see annex) was received from the Adaptation Fund Board secretariat on 11 November 2011. As this report was received by the secretariat after the due date it has been published without formal editing.

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Annex**Report of the Adaptation Fund Board****Note by the Chair of the Adaptation Fund Board***Summary*

This report has been prepared in response to decision 1/CMP.3 requesting the Adaptation Fund Board to report on its activities at each session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP), and covers the period from December 2010 to September 2011. The Chair will report orally to the CMP at its seventh session on activities carried out from September 2011 to December 2011. The report provides information on progress made with respect to the Adaptation Fund, in particular on the implementation of tasks mandated by the CMP, and recommends actions to be taken by the CMP, as appropriate. The report contains information on decisions and actions taken by the Adaptation Fund Board to be noted by the CMP.

Contents

	<i>Paragraphs</i>	<i>Page</i>
I. Introduction	1–5	5
A. Mandate	1–2	5
B. Scope of the note	3	5
C. Recommendations for action by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its sixth session	4–5	5
II. Work undertaken during the reporting period	6–35	6
A. Election of the Chair and Vice-Chair of the Adaptation Fund Board.....	8	6
B. Changes in composition of the Adaptation Fund Board.....	9–11	6
C. Calendar of meetings of the Adaptation Fund Board in 2011	12	6
D. Work-plan of the Adaptation Fund Board	13	7
E. Budget of the Adaptation Fund Board, secretariat and trustee	14	7
F. Accreditation of implementing entities	15–18	7
G. Adaptation Fund Board committees	19–21	8
H. Funding decisions on adaptation projects and programmes	22–27	8
I. Legal capacity of the Adaptation Fund Board	28	9
J. Review of the operational policies and guidelines for Parties to access resources from the Adaptation Fund.....	29	9
K. Review of the Adaptation Fund.....	30	9
L. Monitoring and Evaluation framework	31–32	10
M. Resources in the Adaptation Fund Trust Fund	33	10
N. Closing of the Multi-Donor Trust Fund for the Adaptation Fund Board secretariat.....	34	10
O. Dialogue with civil society organizations.....	35	10
III. Support for the Adaptation Fund Board and implementation of its mandate.....	36–39	11
Annexes		
I Operational Policies and Guidelines for Parties to Access Resources from the Adaptation Fund...		12
II Templates approved by the Adaptation Fund Board.....		24
III Adaptation Fund Board Members and Alternate Members		38
IV Approved FY11 and proposed FY12 budget of the Board and secretary, and of the trustee		39
V Accreditation Application Form		40

I. Introduction

A. Mandate

1. The Conference of the Parties, at its seventh session, agreed to the establishment of the Adaptation Fund.¹ The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP), at its third session, decided that the operating entity of the Adaptation Fund would be the Adaptation Fund Board, serviced by a secretariat and a trustee².

2. By its decision 1/CMP.3, the CMP requested the Adaptation Fund Board to report on its activities at each session of the CMP. It further invited the Global Environment Facility (GEF) to provide secretariat services to the Adaptation Fund Board, and the World Bank to serve as the trustee for the Adaptation Fund, both on an interim basis.

B. Scope of the note

3. This report provides information on progress made with respect to the Adaptation Fund, in particular on the implementation of the mandate from the CMP, and recommends actions to be taken by the CMP, as appropriate. The report covers the period from December 2010 to September 2011.

C. Recommendations for action by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its sixth session

4. The CMP may wish to take note of the information contained in this report.

5. The Adaptation Fund Board invites the CMP to take note of the following key actions and decisions, taken in accordance with decision 1/CMP.4, paragraph 10 and 4/CMP.5, paragraph 3, during the reporting period:

(a) Accreditation of six national implementing entities, including three during the reporting period, that can access resources from the Adaptation Fund directly;

(b) Approval of funding decisions on adaptation projects and programmes amounting to USD 69.7 million, including USD55.4 million during the reporting period;

(c) Enactment of the German Act of Parliament conferring legal capacity on the Adaptation Fund Board on 8 February 2011;

(d) Approval of a revised version of the operational policies and guidelines to access resources from the Adaptation Fund Board and related templates (annex I);

(e) Approval by the Executive Directors of the World Bank of the extension of the legal arrangements with the CMP governing the World Bank's mandate as interim trustee; and

(f) Accrual of proceeds from the monetization of certified emission reductions (CERs) reached USD 166 million as at 31 August 2011. Cumulative contributions from donors reached USD 86 million; and cumulative cash transfers to Implementing Entities were USD 12 million.

¹ Decision 10/CP.7.

² Decision 1/CMP.3, paragraph 3.

II. Work undertaken during the reporting period

6. The Adaptation Fund Board has held four meetings during the reporting period: the twelfth meeting was convened at the premises of the Universidad del Caribe in Cancun, Mexico, back to back with the COP/CMP sessions; whereas the remaining three meetings were held at the premises of the United Nations Convention to Combat Desertification in Bonn, Germany. The agendas and annotations (including background documentation on the agenda items) and detailed reports of the meetings have been made available on the Adaptation Fund website.³

7. The following sections describe the major work undertaken by the Board during the reporting period.

A. Election of the Chair and Vice-Chair of the Adaptation Fund Board

8. In accordance with decision 1/CMP.3, paragraph 13, the Adaptation Fund Board, at its 13th meeting, elected, by consensus, Ms. Ana Fornells de Frutos (Spain, Annex I Parties) as Chair and Mr. Luis Santos (Uruguay, Group of Latin American and Caribbean Countries (GRULAC)) as Vice-Chair of the Adaptation Fund Board.

B. Changes in composition of the Adaptation Fund Board

9. During the reporting period, a number of members and alternate members of the Adaptation Fund Board have been replaced. Among the members of the Board, the following changes took place: Mr. Jan Cedergren (Sweden, Western European and Others Group (WEOG)) was replaced by Ms. Angela Churie-Kallhauge (Sweden, WEOG). Mr. Jerzy Janota-Bzowski (Poland, Eastern European Group) was replaced by Ms. Barbara Letachowski (Poland, Eastern European Group). Mr. Julien Rencki (France, Annex I Parties) was replaced by Mr. Marc-Antoine Martin (France, Annex I Parties). Mr. Wang Zhongjing (China, Asian Group) was replaced by Ms. He Zheng (China, Asian Group). Further, Mr. Hiroshi Ono (Japan, Annex I Parties) and Ms. Ana Fornells de Frutos (Spain, Annex I Parties) switched positions with Ms. Fornells de Frutos becoming member and Mr. Ono becoming alternate. Mr. Anton Hilber (Switzerland, WEOG) and Mr. Hans Olav Ibrekk (Norway, WEOG) also switched positions, with Mr. Ibrekk becoming member and Mr. Hilber becoming alternate.

10. The following changes took place among the alternate members of the Board: Mr. Hiroshi Ono (Japan, Annex I Parties) was replaced by Mr. Yutaka Matsuzawa (Japan, Annex I Parties); and Mr. Mirza Shawkat Ali (Bangladesh, Least developed Countries Group (LDCs)) was replaced by Mr. Monowar Islam (Bangladesh, LDCs). Ms. Iryna Trofimova (Ukraine, Eastern European Group) resigned and had not been replaced as of the date of issuance of this report.

11. The complete list of Board members and alternate members is given in annex II.

C. Calendar of meetings of the Adaptation Fund Board in 2011

12. At its 13th meeting, held in Bonn from 17 to 18 March 2011, the Adaptation Fund Board adopted a calendar of meetings for 2011 (see table 1). Meetings of the Project and Programme Review Committee (PPRC) and the Ethics and Finance Committee (EFC) were held one day prior to each Board meeting.

³ <<http://www.adaptation-fund.org>>.

Table 1. Calendar of meetings of the Adaptation Fund Board in 2011

<i>Dates</i>	<i>Location</i>
17–18 March	Bonn, Germany
21–22 June	Bonn, Germany
15–16 September	Bonn, Germany
13–14 December	Durban, South Africa

D. Work-plan of the Adaptation Fund Board

13. The Board, at its 14th meeting, adopted the work-plan for the Adaptation Fund Board corresponding to the fiscal year 30 June 2011 – 1 July 2012.

E. Budget of the Adaptation Fund Board, secretariat and trustee

14. At its 14th meeting, the Adaptation Fund Board considered and approved resources to support the work of the Adaptation Fund Board and its secretariat and the trustee through to 30 June 2012 (annex III). The estimated administrative budget requirement approved for the fiscal year 2012 is USD 4,510,101 as at 30 June 2011.

F. Accreditation of implementing entities

15. Decision 1/CMP.3, paragraph 30, provides that “in order to submit a project proposal, Parties and implementing ... entities shall meet the criteria adopted by the Adaptation Fund Board ..., in order to access funding from the Adaptation Fund.”

16. The Accreditation Panel met four times during the reporting period. The Accreditation Panel elected Mr. Santiago Reyna (Argentina, Group of Latin American and Caribbean Countries, GRULAC) as Chair and Ms. Kate Binns (UK, Annex I Parties) as Vice-Chair. Ms. Binns replaced Mr. Jerzy Janota Bzowski (Poland, Eastern European Group) in the Accreditation Panel’s membership due to his resignation. Further, Ms. Angela Churie-Kallhauge (Sweden, WEOG) replaced Ms. Binns following her resignation to the Panel. A further three expert members constitute the Accreditation Panel. As of the date of issuance of this report the Panel has completed the review of nine applications from non-Annex I Parties, one from a regional organization and nine from multilateral organizations and development banks.

17. In line with the provision referred to in paragraph 15 above, the Board considered the recommendations of the Accreditation Panel and approved the accreditation of additional three national implementing entities (NIEs), the National Environment Fund of Benin, the South African National Biodiversity Institute, and the Protected Areas Conservation Trust of Belize; one regional implementing entity (RIE), the West-African Development Bank; and three multilateral implementing entities (MIEs): the World Meteorological Organization, the Inter-American Development Bank, and the African Development Bank. The total number of accredited implementing entities amount to six NIEs, one RIE and nine MIEs.

18. The Board adopted several decisions to promote the accreditation of NIE and the direct access to the Adaptation Fund resources. In that regard, the Board decided that the cumulative budget allocation for funding projects submitted by MIEs, should not exceed 50 per cent of the total funds available for funding decisions in the Adaptation Fund Trust Fund at the start of each session. The Board further requested the Accreditation Panel to

develop an accreditation toolkit, which was launched in June 2011 and is available in the six UN languages on the Adaptation Fund website. At the request of the Board, the Accreditation Panel also revised the accreditation application form in order to clarify the documentation required to demonstrate that an applicant entity meets the fiduciary standards (annex IV). The Adaptation Fund Board secretariat staff has made several presentations to Parties on the NIE accreditation process, in the margins of the UNFCCC sessions in June 2011 and during the Global Environment Facility extended constituency workshops in Cartagena, Colombia (April 2011), Dakar, Senegal (July 2011) and Honiara, Solomon Islands (September 2011). The Board, the Accreditation Panel and the secretariat are also collaborating with the UNFCCC secretariat in the organization and development of the regional accreditation workshops mandated by decision 5/CMP.6. The first workshop was held in Mbour, Senegal on 5-6 September 2011. Two of the Accreditation Panel experts and two secretariat staff members made presentations on the accreditation process requirements and process. The second workshop is scheduled to be held in the Latin American and Caribbean region in November 2011.

G. Adaptation Fund Board committees

19. The Ethics and Finance Committee (EFC) and the Project and Programme Review Committee (PPRC) established by the Board in 2009, met four times during the reporting period, scheduling their meetings one day prior to the Board meetings. Mr. Hans Olav Ibrekk (Norway, WEOG) was elected as Chair of the PPRC and Mr. Jeffery Spooner (Jamaica, GRULAC) was elected as Vice-Chair. Mr. Mirza Shawkat Ali (Bangladesh, Least Developed Countries) was elected as EFC Chair and Ms. Iryna Trofimova (Ukraine (Eastern European Group) was elected as Vice-Chair. Following resignation to the EFC Chair and Vice-Chair, the Committee elected Mr. Zaheer Fakir (South Africa, African Region) as Chair and Mr. Yutaka Matsuzawa (Japan, Annex I Parties) as Vice-Chair.

20. The EFC considered and made recommendations to the Board on the following items: knowledge management framework; evaluation framework, guidelines for project/programme final evaluations, standard legal agreement between the Board and the implementing entities for the implementation of projects and programmes funded by the Adaptation Fund, execution costs, cap per country, private donations, budget of the Adaptation Fund Board, secretariat and trustee.

21. As of the date of issuance of this report and during the reporting period, the PPRC reviewed 21 project concepts and 24 fully-developed proposals, representing 30 individual proposed projects. It also discussed and conveyed the outcomes of its deliberations to the Board on issues identified during the project or programme review process, such as: review criteria for projects and programmes and definition of concrete adaptation projects and programmes. The PPRC also moved towards a more transparent way of reporting of its deliberations, and commissioned the secretariat to prepare a compilation of Board decisions relevant to the work of the committee. Further, the Chair and the Vice-Chair of the PPRC were authorized by the Board to be involved intersessionally in the improvement of the technical review criteria and the project cycle.

H. Funding decisions on adaptation projects and programmes

22. Decision 1/CMP.4 paragraph 10, "Requests the Adaptation Fund Board to start processing proposals for funding projects, activities or programmes, as applicable, and to report back on progress made to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol".

23. In line with the provision referred to in paragraph 22 above, during the reporting period the Board approved 9 proposals for funding for a total amount of USD 55.4 million.

24. The Parties whose proposals have been approved for funding during the reporting period are: Ecuador, Eritrea, Maldives, Mauritius, Mongolia, Nicaragua, Pakistan, Solomon Islands and Turkmenistan.

25. In addition to the funding decisions referred above, the Board endorsed during the reporting period 10 project concepts for a total amount of USD 59.4 million. The Parties whose proposals have been endorsed during the reporting period are: Argentina, Cook Islands, Djibouti, El Salvador, Fiji, Georgia, Jamaica, Papua New Guinea, Seychelles and Uruguay. The Board also approved project formulation grants for two direct access proposals in Uruguay and Jamaica, totalling USD 60,000.

26. The sectors represented in the approved fully-developed proposals and endorsed concepts included: agriculture, coastal management, disaster risk reduction, food security, rural development, infrastructure, and water resources management.

27. Following to the suggestions and requests from the non-governmental organization observers, all project proposals are posted on the Adaptation Fund website as they are received, and a facility to post comments online was made available to interested stakeholders.

I. Legal capacity of the Adaptation Fund Board

28. At its 5th session, the CMP decided to endorse “the decision of the Adaptation Fund Board to accept the offer of Germany to confer legal capacity on the Adaptation Fund Board”. This process was concluded with the enactment of the German Act of Parliament conferring legal capacity on the Adaptation Fund Board on 8 February 2011. Since that date, the Board Chair has signed legal agreements with seven implementing entities for the implementation of projects or programmes approved for funding by the Board and two agreements on project formulation grant with two national implementing entities.

J. Review of the operational policies and guidelines for Parties to access resources from the Adaptation Fund

29. At its 13th meeting, the Board initiated a process of review of its operational policies and guidelines and related templates. The process was concluded at the 15th meeting, with the approval of a revised version of the operational policies and guidelines and related templates (annex I). The revised text incorporates lessons learned during the accreditation and project or programme review processes, as well as already approved decisions on project or programme formulation grants, results-based management and evaluation. It further clarifies the role of the Designated Authority, the consultative process that project or programme proponents are required to follow and makes explicit reference to gender considerations among the project or programme review criteria.

K. Review of the Adaptation Fund

30. The CMP at its 6th session requested “the Adaptation Fund Board to make available in its report to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its seventh session the performance reviews of the interim secretariat and the interim trustee servicing the Adaptation Fund, in accordance with paragraph 33 of decision 1/CMP.3”. Following the request above, the Board selected and hired an

independent consultant to prepare the performance review attached to this report as an addendum (see FCCC/KP/CMP/2011/6/Add.1).

L. Monitoring and Evaluation framework

31. Over the course of the reporting period, the Board adopted a guidance document on how project baselines and project results frameworks may be prepared. The guidance is intended to help potential applicants to the Adaptation Fund develop project or programme baselines and results frameworks (including data collection, analysis, and reporting on Adaptation Fund indicators). It also lays out how to align results frameworks or log frames at the project level with the Adaptation Fund's Strategic Results Framework. The guidance also includes a short overview on how to develop a knowledge management strategy at the project level. Further, the secretariat finalized the development of an independent project database which is already being used. The database will be linked to the project performance and monitoring reporting system for the Adaptation Fund approved by the Board during the current reporting period.

32. The Board also approved the Adaptation Fund's evaluation framework and guidelines for project or programme final evaluations. The Board also decided to entrust the evaluation function to the GEF Evaluation Office, for an interim three-year period.

M. Resources in the Adaptation Fund Trust Fund

33. The World Bank as trustee has sold 9.7 million CERs since inception of the CER monetization program in May 2009 and generated revenues of USD 166 million through CER sales as of 31 August 2011. The trustee conducts CER sales through exchange trades on a daily basis as well as through over-the-counter transactions and auctions, in order to provide a predictable flow of resources for the Adaptation Fund, consistent with the CER Monetization Guidelines adopted by the Adaptation Fund Board. The trustee has also facilitated donations totalling USD 86 million, in accordance with the Donation Guidelines adopted by the Adaptation Fund Board in November 2009. Net funding available for new funding decisions by the Adaptation Fund Board as of 31 August 2011 amounted to USD 174 million, and funds held in trust amounted to USD 227 million. At the request of the Board, the trustee has transferred USD 12 million to Implementing Entities to date.

N. Closing of the Multi-Donor Trust Fund for the Adaptation Fund Board secretariat

34. During the fifth Adaptation Fund Board meeting in March 2009, the Adaptation Fund Board authorized the World Bank, as trustee of the Adaptation Fund Trust Fund, to repay the donors who have elected reimbursement of their contribution to the Multi-Donor Trust Fund for the secretariat for the Adaptation Fund Board (the "Administrative Trust Fund"), subject to availability of funds from the initial monetization of CERs. All such reimbursements have been made, with the exception of the reimbursement of the United Kingdom's contribution of USD 990,300 which will be made pending formal instruction from the donor to the trustee.

O. Dialogue with civil society organizations

35. The Board at its 12th session initiated regular dialogue sessions with civil society organizations in order to listen to their proposals, receive feedback on the issues on the

Board agenda, and exchange views. The sessions are planned to be held either before the end of each Board meeting, or between the UNFCCC sessions and the Board meetings.

III. Support for the Adaptation Fund Board and implementation of its mandate

36. Decision 4/CMP.5, paragraph 9 “Encourages Parties included in Annex I to the Convention and international organizations to provide funding to the Adaptation Fund, which will be additional to the shares of the proceeds from clean development mechanism project activities”. No contributions from Annex I Parties have been received during the reporting period. Pledges of contributions were made by Australia and the Brussels Capital Region of Belgium.

37. The Board recognized the support of the Adaptation Fund Board secretariat, the trustee and the UNFCCC secretariat.

38. In accordance with decision 1/CMP.3, paragraph 18, the recruitment of an additional dedicated official to serve the Adaptation Fund Board –Operations Officer (Accreditation)– was completed in September 2011. The dedicated team of officials comprises four professional staff members, including the secretariat’s Manager; a Junior Professional Associate; a Programme Assistant and a Short Term Temporary.

39. The funding of project and programme proposals requires substantial resources in addition to those available in the Adaptation Fund. The net resources available in the Adaptation Fund Trust Fund to support funding decisions amounted to USD 174 million as of 31 August 2011. Estimates of the total potential resources of the Adaptation Fund to the end December 2012 range from approximately USD 300 million to US\$ 410 million.⁴

⁴ The estimates provided are based on publicly available information and do not in any way constitute Trustee predictions with respect to future CER prices, exchange rates, CER issuance, or other variables.

Annex I

Operational Policies and Guidelines for Parties to Access Resources from the Adaptation Fund

I. INTRODUCTION

1. The Kyoto Protocol (KP), in its Article 12.8, 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.”¹ This is the legal basis for the establishment of the Adaptation Fund.

2. At the seventh session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC), held in Marrakech, Morocco, from October 29 to November 10, 2001 (COP7), the Parties agreed to the establishment of the Adaptation Fund (the Fund).²

3. In Montreal, Canada in November 2005³ and in Nairobi, Kenya in December 2006,⁴ 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. In Bali, Indonesia, in December 2007, the CMP decided that the operating entity of the Fund would be the Adaptation Fund Board (the Board), serviced by a Secretariat and a Trustee.⁵ Parties invited the Global Environment Facility to provide secretariat services to the Board (the Secretariat), and the World Bank to serve as the trustee (the Trustee) of the Fund, both on an interim basis.

5. In particular, Decision 1/CMP.3, paragraph 5(b), lists among the functions of the Board to develop and decide on specific operational policies and guidelines, including programming guidance and administrative and financial management guidelines, in accordance with decision 5/CMP.2, and to report to the CMP.

6. In Poznan, Poland, in December 2008, through Decision 1/CMP.4, the Parties adopted:

(a) the *Rules of Procedures of the Adaptation Fund Board*;

(b) the *Memorandum of Understanding between the Conference of the Parties serving as the meeting of the Parties of the Kyoto Protocol 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; and

¹ See FCCC/KP/Kyoto Protocol.

² See Decision 10/CP.7, “*Funding under the Kyoto Protocol*”.

³ See Decision 28/CMP.1, “*Initial guidance to an entity entrusted with the operation of the financial system of the Convention, for the operation of the Adaptation Fund*” in Annex I to this document.

⁴ See Decision 5/CMP.2, “*Adaptation Fund*”, in Annex I to this document.

⁵ See Decision 1/CMP.3, “*Adaptation Fund*”, in Annex I to this document.

(d) the *Strategic Priorities, Policies and Guidelines of the Adaptation Fund* (see Annex 1).

7. In Decision 1/CMP.4, paragraph 11, the CMP decided that the Adaptation Fund Board be conferred such legal capacity as necessary for the execution of its functions with regard to direct access by eligible developing country Parties. Further, in decision 4/CMP.4, paragraph 1, the Parties endorsed the Board decision to accept the offer of Germany to confer legal capacity on the Board. The German Act of Parliament which conferred legal capacity to the Board entered into force of February 8, 2011.

8. This document (hereafter “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 experience acquired through the operationalization of the Fund, subsequent decisions of the Board and future guidance from the CMP.

II. 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/programme is defined as a set of activities aimed at addressing the adverse impacts of and risks posed by climate change. The activities shall aim at producing visible and tangible results on the ground by reducing vulnerability and increasing the adaptive capacity of human and natural systems to respond to the impacts of climate change, including climate variability. Adaptation projects/programmes can be implemented at the community, national, regional and transboundary level. Projects/programmes concern activities with a specific objective(s) and concrete outcome(s) and output(s) that are measurable, monitorable, and verifiable.

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.

III. 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 vulnerability and increase adaptive capacity to respond to the impacts of climate change, including variability at local and national levels.

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 1.

14. Funding will be provided on full adaptation cost basis of projects and programmes to address *the adverse effects of climate change*.⁶ *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/programme proponent is to provide justification of the extent to which the project contributes to adaptation and

⁶ Decision 5/CMP.2, paragraph 1 (d).

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 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 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.⁷

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.

IV. 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 (templates attached as Annex II).

V. DESIGNATED AUTHORITY

20. Each Party shall designate and communicate to the secretariat the authority that will represent the government of such Party in its relations with the Board and its secretariat. The Designated Authority shall be an officer within the Party's government administration. The communication to the secretariat shall be made in writing and signed by either a Minister, an authority at cabinet level, or the Ambassador of the Party.

21. The main responsibility of the Designated Authority is the endorsement on behalf of the national government of: a) accreditation applications as National Implementing Entities submitted by national entities; b) accreditation applications as Regional or Sub-regional Implementing Entities submitted by regional or sub-regional entities; and c) projects and

⁷ 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.

programmes proposed by the implementing entities, either national, regional, sub-regional, or multilateral.

22. The Designated Authority shall confirm that the endorsed project/programme proposal is in accordance with the government's national or regional priorities in implementing adaptation activities to reduce adverse impacts of, and risks posed by, climate change in the country or region

VI. FINANCING WINDOWS

23. 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).

VII. ELIGIBILITY CRITERIA

A. Country Eligibility

24. 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.

25. Paragraph 10 of the *Strategic Priorities, Policies and Guidelines of the Adaptation Fund* provides the country eligibility criteria.

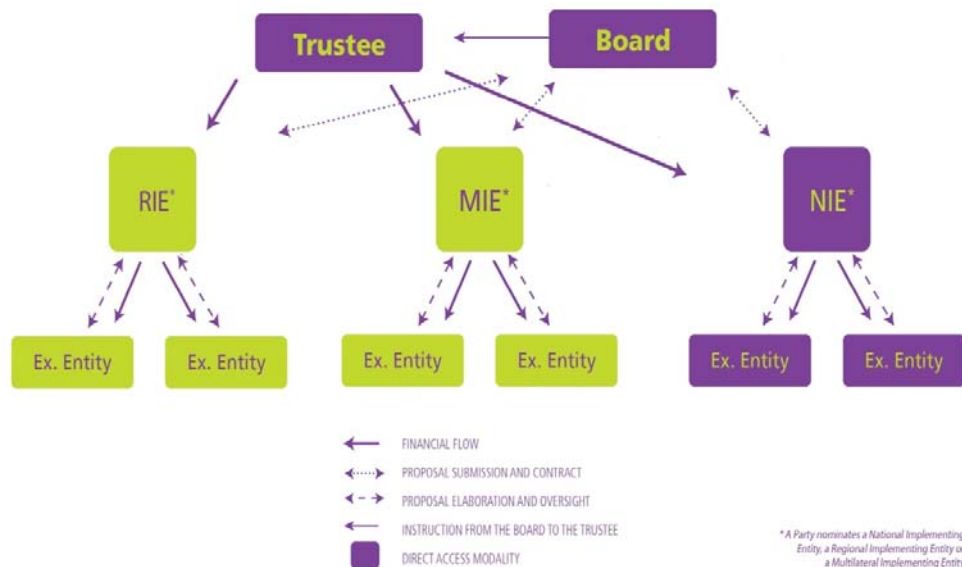
26. A cap in resource allocation per eligible host country, project and programme will be agreed by the Board based on a periodic assessment of the overall status of resources in the Adaptation Fund Trust Fund and with a view to ensuring equitable distribution.

B. Implementing and Executing Entities

27. Eligible Parties who seek financial resources from the Adaptation Fund shall submit proposals directly through their nominated National Implementing Entity (NIE).⁸ They may, if they so wish, use the services of Multilateral Implementing Entities (MIE). The implementing entities shall obtain an endorsement from the government through the Designated Authority referred to in paragraph 20 above. The options of submitting different projects/programmes through an NIE and through an MIE are not mutually exclusive. The modalities for accessing resources of the Adaptation Fund are outlined in Figure 1.

⁸ They may include *inter alia*, ministries, inter-ministerial commissions, government cooperation agencies.

FIGURE 1: MODALITIES FOR ACCESSING RESOURCES OF THE ADAPTATION FUND



28. National Implementing Entities (NIE) are those national legal entities nominated by Parties that are recognized by the Board as meeting the fiduciary standards approved 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.

29. A group of Parties may also nominate regional and sub-regional entities as implementing entities (RIE/SRIE), and thereby provisions of paragraph 28 will apply. In addition to the nomination of an NIE an eligible Party may also nominate a RIE/SRIE and may submit project/programme proposals through an accredited RIE/SRIE that is operating in their region or sub-region. The application for accreditation shall be endorsed by at least two country members of the organization. The RIE/SRIEs 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. Multilateral Implementing Entities (MIE) are those Multilateral Institutions and Regional Development Banks invited by the Board that meet the fiduciary standards approved 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.

31. 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.

32. Executing Entities are organizations that execute adaptation projects and programmes supported by the Fund under the oversight of Implementing Entities.

IV. ACCREDITATION OF IMPLEMENTING ENTITIES

A. Fiduciary Standards

33. Among principles established for the 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 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/programme;

(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.

B. Accreditation Process

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

(a) The Board will invite Parties⁹ to each nominate a National Implementing Entity (NIE); the Board will issue a call to potential Multilateral Implementing Entities (MIE) to express interest in serving as an MIE;

(b) Potential implementing entities (NIEs, RIEs, or MIEs), will submit their accreditation applications to the Secretariat together with the required supporting documentation to verify how they meet the fiduciary standards;

(c) The Secretariat will screen the documentation to ensure that all the necessary information is provided, and will follow-up with the potential implementing entities to

⁹ The Designated Authority referred to in paragraph 21 above shall endorse the application for accreditation on behalf of the Party.

ensure that the application package is complete. The Secretariat will forward the complete package to the 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 concerned.¹⁰

(e) The Board may provide further guidance on the required information in the future on the basis of lessons learned; and

(f) 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 approved; or

(ii) Applicant needs to address certain requirements prior to full accreditation.

35. In case the nominated NIE does not meet the criteria, an eligible Party may resubmit its application after addressing the requirements of the Board or submit an application nominating a new NIE. In the meantime, eligible Parties are encouraged to use the services of an accredited RIE/SRIE or MIE, if they so wish, to submit project/programme proposals for funding. An applicant MIE that does not meet the criteria for accreditation may also resubmit its application after addressing the requirements of the Board.

36. Accreditation will be valid for a period of 5 years with the possibility of renewal. 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.

37. The Board reserves the right to review or evaluate the performance of implementing entities at any time during an implementing entity's accreditation period. It also reserves the right to investigate the use of the Fund resources, if there is any indication of misappropriate allocations. An investigation could include an independent audit of the use of the Fund resources. A minimum notification of 3 months will be given to an implementing entity if they have been identified by the Board as being the object of a review or evaluation.

38. The Board may also consider suspending or cancelling the accreditation of an implementing entity if it made false statements or provided intentionally false information to the Board both at the time of accreditation to the Board or in submitting a project or programme proposal.

39. 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.

V. PROJECT/PROGRAMME CYCLE

40. The project/programme cycle of the Adaptation Fund for any project or programme size begins with a proposal submission to the Secretariat by the NIE/RIE/MIE chosen by the Party/ies. The Designated Authority referred to in paragraph 20 above shall endorse the

¹⁰ 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 may be used to help resolve especially difficult/contentious issues.

proposal submission. The submission is followed by an initial screening, project/programme review and approval.¹¹

A. Review and Approval of Small-size Projects and Programmes

41. In order to expedite the process of approving projects/programmes and reduce unnecessary bureaucracy, small-size projects will undergo a one-step approval process by the Board. The proposed project cycle steps are as follows:

(a) (The project/programme proponent submits a fully developed project/programme document¹² based on a template approved by the Board (Annex II, Appendix A). A disbursement schedule with time-bound milestones will be submitted together with the fully developed project/programme document. Proposals shall be submitted to the Board through the Secretariat. The timetable for the submission and review of proposals will be synchronized with the meetings of the Board to the extent possible. Project/programme proposals shall be submitted at least nine weeks before each Board meeting in order to be considered by the Board at its next meeting.

(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 (PPRC) for review, based on the criteria approved by the Board (Annex II). The secretariat will forward comments on the project/programme proposals and requests for clarification or further information to the implementing entities, as appropriate. The inputs received and the conclusions of the technical review by the secretariat will be incorporated to the review template.

(c) The Secretariat will send all project/programme proposals received with technical reviews to the PPRC at least seven (7) days prior to the meeting. The PPRC will review the proposals and give its recommendation to the Board for a decision at the Meeting. The PPRC may use services of independent adaptation experts to provide input into the review process if needed. The Board can approve, not approve or reject a proposal with a clear explanation to the implementing entities. Rejected proposals cannot be resubmitted.

(d) The proposals approved by the Board will be posted on the Adaptation Fund website. Upon the decision, the Secretariat in writing will notify the proponent of the Board decision.

B. Review and Approval of Regular Projects and Programmes

42. Regular adaptation projects/programmes are those that request funding exceeding \$1 million. These proposals may undergo either a one-step or a two-step¹³ approval process. In the one-step approval process the proponent shall submit a fully-developed project/programme document. In the two-step approval process a brief project/programme concept shall be submitted as first step followed by a fully-developed project/document¹⁴.

¹¹ The Designated Authority referred to in paragraph 21 above shall endorse the proposal submission.

¹² A fully developed project/programme is one that has been appraised for technical and implementation feasibility and is ready for financial closure prior to implementation.

¹³ 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.

¹⁴ A fully developed project/programme is one that has been appraised for technical and implementation feasibility and is ready for financial closure prior to implementation.

Funding will only be reserved for a project/programme after the approval of a fully-developed project document in the second step.

43. The project/programme cycle steps for both concept and fully-developed project document are as follows:

(a) The project/programme proponent submits a concept/fully-developed project document based on a template approved by the Board ((Annex II, Appendix A). A disbursement schedule with time-bound milestones will be submitted together with the fully developed project/programme document. Proposals shall be submitted to the Board through the Secretariat. The timetable for the submission and review of proposals will be synchronized with the meetings of the Board as much as possible. Project/programme proposals shall be submitted at least nine weeks before each Board meeting in order to be considered by the Board at its next meeting.

(b) The Secretariat will screen all proposals for consistency and provide a technical review based on the criteria approved by the Board (Annex II). It will then forward the proposals and the technical reviews to the PPRC for review. The Secretariat will forward comments on the project/programme proposals and requests for clarification or further information to the implementing entities, as appropriate. The inputs received and the conclusions of the technical review by the secretariat will be incorporated in the review template.

(c) The Secretariat will send all project/programme proposals with technical reviews to the PPRC at least seven (7) days before the meeting. The PPRC will review the proposals and give its recommendation to the Board for a decision at the meeting. The PPRC may use services of independent adaptation experts to provide input into the review process if needed. In the case of concepts, the Board can endorse, not endorse, or reject a proposal with a clear explanation to the implementing entities. In the case of fully-developed proposals, the Board can approve, not approve, or reject a proposal with a clear explanation to the implementing entities. Rejected proposals cannot be resubmitted.

44. Proponents with endorsed concepts are expected to submit a fully developed proposal at subsequent Board meetings for approval and funding, following the steps described on paragraph 43 above.

45. All proposals approved for funding by the Board will be posted on the Adaptation Fund website. Upon the decision, the Secretariat will notify the proponent of the Board decision in writing.

VI. Project/Programme Formulation Grants

46. NIE project/programme proponents are eligible to submit a request for a Project/Programme Formulation Grant (PFG) together with a project/programme concept, using the PFG form approved by the Board. The secretariat will review the request and forward it to the PPRC for a final recommendation to the Board. A PFG can only be awarded when a project/programme concept is presented and endorsed.

47. Only activities related to country costs are eligible for funding through a PFG.

48. The project/programme proponent shall return any unused funds to the Trust Fund through the trustee.

49. The project/programme proponent shall submit a fully developed project/programme document within twelve (12) months of the disbursement of the PFG. No PFG for other projects/programmes can be awarded until the fully developed project/programme document has been submitted.

A. Transfer of funds

50. The Secretariat will draft a standard legal agreement between the Board and implementing entities using the template approved by the Board, and any other documents deemed necessary. The secretariat will provide these documents for signature by the Chair or any other Member designated to sign. The Board may, at its discretion, review any of the proposed agreements.

51. The Trustee will transfer 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 transfer of funds.

52. The Board will ensure a separation of functions between the review and verification of transfer requests, and the issuance of instructions to the Trustee to transfer funds.

53. The Board will instruct the Trustee to transfer funds in tranches, based on the disbursement schedule with time bound milestones submitted with the fully developed project/programme document. The Board may require a progress review from the Implementing Entity prior to each tranche transfer. The Board may also suspend the transfer of funds if there is evidence that funds have been misappropriated.

54. If an implementing entity does not sign the standard legal agreement within four (4) months from the date of notification of the approval of the project/programme proposal, the funds committed for that project/programme will be cancelled and retained in the Trust Fund for new commitments.

B. Monitoring, Evaluation and Review

55. The Board is responsible for strategic oversight of projects and programmes implemented with resources from the Fund, in accordance with its overarching strategic results framework, a *Strategic Results Framework for the Adaptation Fund* and the *Adaptation Fund Level Effectiveness and Efficiency Results Framework* [Available: <http://www.adaptation-fund.org/sites/default/files/Results%20Framework%20and%20Baseline%20Guidance%20final.pdf>], to support the *Strategic Priorities, Policies, and Guidelines of the Adaptation Fund*. The Ethics and Finance Committee (EFC), with support of the Secretariat, will monitor the Fund portfolio of projects and programmes.

56. 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 EFC. The EFC 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.

57. All regular projects and programmes that complete implementation will be subject to terminal evaluation by an independent evaluator selected by the implementing entity. All small projects and programmes shall be subject to terminal evaluation if deemed appropriate by the Board. Terminal evaluation reports will be submitted to the Board after a reasonable time after project termination, as stipulated in the project agreement.

58. The Board requires that all projects' and programmes' objectives and indicators align with the Fund's Strategic Results Framework. Each project/programme will embed relevant indicators from the strategic framework into its own results framework. Not all indicators will be applicable to all projects/programmes but at least one of the core outcome indicators should be embedded.

59. The Board reserves the right to carry out independent reviews, evaluations or investigations of the projects and programmes as and when deemed necessary. The costs for such activities will be covered by the Fund. Lessons from evaluations will be considered by the PPRC when reviewing project/programme proposals.

60. The Board has approved *Guidelines for project/programme final evaluations*. [Available: http://www.adaptation-fund.org/sites/default/files/Guidelines%20for%20Proj_Prog%20Final%20Evaluations%20final.pdf]. These guidelines describe how final evaluations should be conducted for all projects/programmes funded by the Adaptation Fund, as a minimum, to ensure sufficient accountability and learning in the Fund. They should be complementary to the implementing entities' own guidelines on final evaluation.

61. This project cycle will be kept under review by the Board.

C. Procurement

62. 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/programmes.

63. The project/programme 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. The Board reserves the right to investigate any anomalies that may occur with respect to procurement.

D. Project Suspensions and Cancellations

64. At any stage of the project/programme cycle, either at its discretion or following an independent review-evaluation or investigation, the EFC may recommend to the Board to suspend or cancel a project/programme for several reasons, notably:

(a) financial irregularities in the implementation of the project/programme; and/or

(b) material breach, and poor implementation performance leading to a conclusion that the project/programme can no longer meet its objectives.

65. Before the Board makes its final decision whether to suspend or cancel a project/programme, the concerned implementing entity and the DA will be given a fair chance to present its views to the Board.

66. In accordance with their respective obligations, implementing entities suspending or cancelling projects/programmes, after consulting with the DA, must send detailed justification to the Board for the Board's information.

67. 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.

E. Reservations

68. The Board reserves the right to reclaim all or parts of the financial resources allocated for the implementation of a project/programme, or cancel projects/programmes

later found not to be satisfactorily accounted for. The implementing entity and the DA shall be given a fair chance to consult and present its point of view before the Board.

F. Dispute Settlement

69. In case of a dispute as to the interpretation, application or implementation of the project/programme, the implementing entity or the DA shall first approach the EFC through 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 or the DA could also be invited.

70. The provisions of the standard legal agreement between the Board and implementing entity/DA on settlement of disputes shall apply to any disputes that may arise with regard to approved projects/programmes under implementation.

G. Administrative costs

71. Every project/programme proposal submitted to the Board shall state the management fee requested by the Implementing Entity if any. Fully developed proposals shall include a budget on fee use. The reasonability of the fee will be reviewed on a case by case basis. The requested fee shall not exceed the cap established by the Board.

72. Fully developed project/programme proposals shall include an explanation and a breakdown of all administrative costs associated with the project/programme, including the execution costs.

H. Where to send a Request for Funding

73. All requests shall be sent to:

Adaptation Fund Board Secretariat

Tel: +1 202 473 0508

Fax: +1 202 522 3240/5

Email: secretariat@adaptation-fund.org

74. 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.

I. Review of the Operational Policies and Guidelines

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

Annex II: Templates approved by the Adaptation Fund Board

I. Approval and operations procedures

1. **Adaptation Fund project/programme approval process:** Eligible developing country Parties to the Kyoto Protocol may submit project/programme proposals directly to the Adaptation Fund Board Secretariat (AFBSEC) via their 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. There are two approval processes under the Adaptation Fund project cycle: (i) a one-step approval process; and (ii) a two-step approval process. All small-size projects/programmes will follow the one-step approval process, while regular projects/programmes may follow either the one-step approval or the two-step approval process, depending on the stage of project/programme preparation, and at the discretion of the project/programme proponent. The following section outlines the steps of the approval processes.

2. **Single-step approval process:** This process may be used for small-size projects/programmes or regular projects/programmes with proposals that are already fully-prepared. Approval process includes the following steps:

(a) Eligible Parties submit a fully-prepared project/programmes document to the AFBSEC at least nine weeks before the next AFB meeting.

(b) The AFBSEC will screen all proposals and prepare a [Technical Review](#) for each project/programme. The AFBSEC will submit a collection of proposals consisting of technical reviews for all projects/programmes to the Project and Program Review Committee (PPRC) at least seven (7) days prior to the next AFB meeting.

(c) The PPRC meeting will be held back-to-back to the Adaptation Fund Board (AFB) meeting. The PPRC will review and prepare recommendations for submission to the Board the next day(s).

(d) AFB approves/does not approve/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/programmes if it is so decided by the proponent Party: (i) project concept approval; and (ii) fully developed project document approval. Each of these steps is subject to the same approval process as the single approval process, i.e., the project/programme 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:

(f) 1st step: Regular Project/Programme Concept.

(g) 2nd step: Regular Fully Developed Project/Programme Document.

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

(a) *Project/Programme Concept:* used for the first step of the two-step approval process (only for regular projects that have not been fully developed);

(b) *Fully Developed Project/Programme Document* prepared by NIEs/MIEs for both small-sized and regular projects;

(c) Endorsement Letter signed by the country's Designated Authority for Adaptation Fund.¹

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

(a) Small-Sized projects and programmes (SPs): defined as project proposals requesting up to \$1.0 million.

(b) Regular-Sized projects and programmes (RPs): project proposals requesting more than \$1.0 million]

6. **Definitions of Terms:**

(a) **Project:** A concrete adaptation project is defined as a set of activities aimed at addressing the adverse effects of climate change and build in climate change resilience.

(b) **Programme:** An adaptation programme is a process, a plan or an approach for addressing climate change impacts which are broader than the scope of an individual project. Further guidance on how to present programmes for approval can be found in the 'Instructions for presenting a request for funding from the Adaptation Fund'.

7. **Financing and Transfer of funds:** The financing of projects/programmes via transfer of funds is a process that commences once projects/programmes are approved for funding by the AFB.

(a) **Financing:** funding for projects and programs will be on a full adaptation cost basis to address the adverse effects of climate change.²

(b) **Transfer of funds:** The Trustee will transfer funds on the written instruction of the Board, signed by the Chair, the Vice-Chair, or any other Board Member designated by the Chair, and report to the Board on the transfer of funds.

¹ The Designated Authority referred to in paragraph 20 of the "*Operational policies and guidelines for Parties to access resources from the Adaptation Fund*" (OPG).

² Para. 14 of the "*OPG*, and para. 12 of the "*Strategic Priorities, Policies, and Guidelines of the Adaptation Fund.*"

II. Adaptation Fund Project/Programme Review Criteria

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

Review Criteria

1. Country Eligibility	<ul style="list-style-type: none"> • Is the country party to the Kyoto Protocol? • Is the country a developing country particularly vulnerable to the adverse effects of climate change?³
2. Project Eligibility	<ul style="list-style-type: none"> • Has the government endorsed the project through its Designated Authority?⁴ • Does the project / programme support concrete adaptation actions to assist the country in addressing the adverse effects of climate change and build in climate change resilience? • Does the project / programme provide economic, social and environmental benefits, with particular reference to the most vulnerable communities, including gender considerations? • Is the project / programme cost-effective? • Is the project / programme consistent with national sustainable development strategies, national development plans, poverty reduction strategies, national communications or adaptation programs of action, or other relevant instruments? • Does the project / programme meet the relevant national technical standards, where applicable? • Is there duplication of project with other funding sources? • Does the project / programme have a learning and knowledge management component to capture and feedback lessons? • Has the project / programme provided justification for the funding requested on the basis of the full cost of adaptation? • Does the project / programme align with the AF results framework? • Has the sustainability of the project/programme outcomes been taken into account when designing the project?
3. Resource Availability	<ul style="list-style-type: none"> • Is the requested project funding within the cap of the country? • Is the Implementing Entity management fee at or below 8.5 per cent of the total project/programme budget before the fee? • Are the project/programme execution costs at or below 9.5 per cent of the total project/programme budget before the fee?
4. Eligibility of NIE/MIE	<ul style="list-style-type: none"> • Is the project submitted through an eligible NIE/MIE that has been accredited by the Board?
5. Implementation Arrangement	<ul style="list-style-type: none"> • Is there adequate arrangement for project management? • Are there measures for financial and project risk management? • Are arrangements for monitoring and evaluation clearly defined, including a budgeted M&E plan? • Is a project results framework included? Are relevant targets and indicators disaggregated by sex?

Attached with this note are the following:

Appendix A: Request for Project/Programme 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

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

⁴ The Designated Authority referred to in paragraph 20 of the OPG.

Appendix A

REQUEST FOR Project/Programme Funding from 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/programme must be fully prepared (i.e., fully appraised for feasibility) when the request is submitted. The final project/programme 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
Email: secretariat@adaptation-fund.org

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

PROJECT/PROGRAMME PROPOSAL

PART I: PROJECT/PROGRAMME INFORMATION

PROJECT/PROGRAMME CATEGORY:

COUNTRY/IES:

SECTOR/S:

TITLE OF PROJECT/PROGRAMME:

TYPE OF IMPLEMENTING ENTITY:

IMPLEMENTING ENTITY:

EXECUTING ENTITY/IES:

AMOUNT OF FINANCING REQUESTED: (In U.S Dollars Equivalent)

PROJECT / PROGRAMME BACKGROUND AND CONTEXT:

*Provide brief information on the problem the proposed project/programme is aiming to solve.
Outline relevant climate change scenarios according to best available scientific information.
Outline the economic social, development and environmental context in which the
project/programme would operate.*

PROJECT / PROGRAMME OBJECTIVES:

List the main objectives of the project/programme.

PROJECT / PROGRAMME COMPONENTS AND FINANCING:

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

*For the case of a programme, individual components are likely to refer to specific sub-sets of
stakeholders, regions and/or sectors that can be addressed through a set of well defined
interventions / projects.*

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

PROJECTED CALENDAR:

Indicate the dates of the following milestones for the proposed project/programme

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

PART II: PROJECT / PROGRAMME JUSTIFICATION

- A. Describe the project / programme components, particularly focusing on the concrete adaptation activities of the project, and how these activities contribute to climate resilience. For the case of a programme, show how the combination of individual projects will contribute to the overall increase in resilience.
- B. Describe how the project / programme provides economic, social and environmental benefits, with particular reference to the most vulnerable communities, and groups within communities, including gender considerations.
- C. Describe or provide an analysis of the cost-effectiveness of the proposed project / programme.
- D. Describe how the project / programme is consistent with national or sub-national sustainable development strategies, including, where appropriate, national or sub-national development plans, poverty reduction strategies, sector strategies, national communications, or national adaptation programs of action, or other relevant instruments, where they exist.
- E. Describe how the project / programme meets relevant national technical standards, where applicable, such as standards for environmental assessment, building codes, etc.
- F. Describe if there is duplication of project / programme with other funding sources, if any.
- G. If applicable, describe the learning and knowledge management component to capture and disseminate lessons learned.
- H. Describe the consultative process, including the list of stakeholders consulted, undertaken during project preparation, with particular reference to vulnerable groups, including gender considerations.
- I. Provide justification for funding requested, focusing on the full cost of adaptation reasoning.
- J. Describe how the sustainability of the project/programme outcomes has been taken into account when designing the project.

■ PART III: IMPLEMENTATION ARRANGEMENTS

- A. Describe the arrangements for project / programme implementation.
- B. Describe the measures for financial and project / programme risk management.
- C. Describe the monitoring and evaluation arrangements and provide a budgeted M&E plan. Include break-down of how Implementing Entity’s fees will be utilized in the supervision of the monitoring and evaluation function.
- D. Include a results framework for the project proposal, including milestones, targets and indicators and sex-disaggregate targets and indicators, as appropriate. The project or programme results framework should align with the goal and impact of the Adaptation Fund and should include at least one of the core outcome indicators from the AF’s results framework that are applicable¹.
- E. Include a detailed budget with budget notes, a budget on the Implementing Entity management fee use, and an explanation and a breakdown of the execution costs.
- F. Include a disbursement schedule with time-bound milestones.

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

- A. **RECORD OF ENDORSEMENT ON BEHALF OF THE GOVERNMENT²** *Provide the name and position of the government official and indicate date of endorsement. If this is a regional project/programme, list the endorsing officials all the participating countries. The endorsement letter(s) should be attached as an annex to the project/programme proposal. Please attach the endorsement letter(s) with this template; add as many participating governments if a regional project/programme:*

<i>(Enter Name, Position, Ministry)</i>	<i>Date: (Month, day, year)</i>
---	---------------------------------

- B. **IMPLEMENTING ENTITY CERTIFICATION** *Provide the name and signature of the Implementing Entity Coordinator and the date of signature. Provide also the project/programme 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/programme.	
<i>Name & 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>	

¹ Please refer to the *Project level results framework and baseline guidance* for the Adaptation Fund’s results framework and guidance on developing a results framework and establishing a baseline [add link here].

² 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 OR PROGRAMME FUNDING FROM THE ADAPTATION FUND

Project and programme applications must be clear on the problem to be addressed, the objective(s), what the project/programme will deliver when, how and by whom. Clear baselines, milestones, targets and indicators should be included to ensure progress and results can be measured. Programmes will generally be more complex and will require greater oversight and management which should be properly explained under Implementation Arrangements for programmes.

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/PROGRAMME 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 / PROGRAMME INFORMATION

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

- (a) **SMALL-SIZED PROJECT/PROGRAMME.** Proposals requesting grants up to \$1 million.
- (b) **REGULAR PROJECT/PROGRAMME.** Proposals requesting grants of more than \$1 million.

A programme will generally fulfil the following criteria: 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 implementation. A programme may also cover more than one sector and cross borders. Programmes usually engage multiple partners / stakeholders.

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

SECTOR(S): Please insert the sector in which the proposed project/programme mainly operates.

TITLE OF PROJECT / PROGRAMME: Please enter the title of the proposed project / programme.

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 / PROGRAMME BACKGROUND AND CONTEXT. Provide brief information on the problem the proposed project/programme is aiming to solve. Outline relevant climate change scenarios according to best available scientific information. Outline the economic, environmental and social development context in which the project would operate. For the case of a programme, the analysis will be more complex, focusing on how climate change is expected to affect multiple stakeholders, sectoral and/or economic activities within a well defined region.

PROJECT / PROGRAMME OBJECTIVES. List the main objectives of the project. For the case of a programme, this is likely to involve multiple objectives by stakeholder / sector / region, based on an overall strategic plan at the regional, national or local level.

PROJECT / PROGRAMMES 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. For the case of a programme, individual components are likely to refer to specific sub-sets of stakeholders, regions and/or sectors that can be addressed through a set of well defined interventions / projects.

The aforementioned terms are defined below to facilitate the process of completing the table:

(c) **PROJECT / PROGRAMME COMPONENTS AND SUB-COMPONENTS.** The division of the project/programme into its major parts; an aggregation of set of activities

(d) **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. For the case of programmes, list the likely types and number of projects that the programme will support

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

(f) **EXPECTED OUTCOMES.** The change in conditions, or intended effects of an intervention, usually brought about by the collective efforts of partners. Outcomes are achieved in the short to medium term.

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

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

(i) **TOTAL PROJECT / PROGRAMME COST.** This is the sum of all project/programme components requesting Adaptation Fund Board approval.

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

(k) **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.

(l) **START OF PROJECT / PROGRAMME 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

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

(n) **PROJECT / PROGRAMME 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.

(o) **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 / PROGRAMME JUSTIFICATION

(a) Describe the project / programme 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. For the case of a programme, show how the combination of individual projects will contribute to the overall increase in resilience

(b) Describe how the outputs and outcomes of the project / programme will provide economic, social and environmental benefits, particularly to the most vulnerable communities in the targeted area. Specify how typically marginalized groups, such as women, will be involved in and benefit from the project/programme.

(c) How is the project / programme cost-effective. Compare to other possible interventions that could have been taken to achieve similar project objectives.

(d) Describe how the project / programme is located in the framework of national or sub-national sustainable development strategies, national development strategies, including, where appropriate, national or sub-national communications development plans, poverty reduction strategies, sector strategies, national communications, or national adaptation programmes of action, or any other relevant instruments where they exist.

(e) Describe how the project / programme design meets national technical standards, such as standards for environmental assessment, building codes, etc.

(f) Describe if the project / programme overlaps or duplicates similar activities from other funding sources.

(g) Describe the activities included in the project / programme to gather lessons learned from project design and implementation and for their dissemination.

(h) Describe the consultative process undertaken during project design. List the stakeholders consulted, including vulnerable communities, including gender considerations, and the methods of consultation. The consultative process shall be concluded before the fully developed project / programme is submitted.

(i) Provide the full cost of adaptation reasoning for the funding requested for the project / programme.

(j) Describe how the sustainability of the project/programme outcomes has been taken into account when designing the project.

PART III: IMPLEMENTATION ARRANGEMENTS

Describe the various elements of project implementation as enumerated below:

- (a) Adequacy of project / programme management arrangements. For the case of a programme, explain how the programme strategy will be managed and evaluated, and how individual projects will be identified, designed, appraised, approved, implemented and evaluated against programme's strategic objectives. Provide a full organogramme of the executing agents and how they report to each other.
- (b) Measures for financial and project / programme risk management. For the case of a programme, provide detailed information to illustrate how risk will be managed.
- (c) Monitoring and evaluation arrangements including budgeted M&E plan and sex-disaggregated targets and indicators. Include break-down of how Implementing Entity fees will be utilized in the supervision of the monitoring and evaluation function.
- (d) Results framework. The results framework should include at least one of the core outcome indicators of the Adaptation Fund's results framework. Please refer to the *Project level results framework and baseline guidance* for the AF's results framework and for further assistance on how to develop a project/programme results framework and baseline.
- (e) A detailed budget with budget notes, a budget on the Implementing Entity management fee use, and an explanation and a break-down of the execution costs.
- (f) A disbursement schedule with time-bound milestones.

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

1. **RECORD OF ENDORSEMENT BY DESIGNATED AUTHORITY.** Provide the name, position, and government office of the designated government authority and indicate date of endorsement. If this is a regional project/programme, 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/programme contact person's name, telephone number and email address.

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 designated authority for the Adaptation Fund in [country], I confirm that the above (select national or regional) project/programme 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/programme proposal with support from the Adaptation Fund. If approved, the proposal will be coordinated and implemented [National or Multilateral Implementing Entity] and executed by [national or local executing entity].

Sincerely,

[Name of Designated Government Official]
[Position/Title in Government]

Appendix C

ADAPTATION FUND BOARD SECRETARIAT TECHNICAL REVIEW OF PROJECT/PROGRAMME PROPOSAL

PROJECT/PROGRAMME CATEGORY: (select)

Country/Region:

Project/Programme Title:

AF Project ID:

NIE/MIE Project/Programme ID:

Regular Project/Programme 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 authority for the Adaptation Fund endorsed the project/programme?	
	2. Does the project / programme support concrete adaptation actions to assist the country in addressing adaptive capacity to the adverse effects of climate change and build in climate resilience?	
	3. Does the project / programme provide economic, social and environmental benefits, particularly to vulnerable communities, including gender considerations?	
	4. Is the project / programme cost effective?	
	5. Is the project / programme consistent with national or sub-national sustainable development strategies, national or sub-national development plans, poverty reduction strategies, national communications and adaptation programs of action and other relevant instruments?	
	6. Does the project / programme meet the relevant national technical standards, where applicable?	
	7. Is there duplication of project / programme with other funding sources?	

Review Criteria	Questions	Comments
	8. Does the project / programme have a learning and knowledge management component to capture and feedback lessons?	
	9. Has a consultative process taken place, and has it involved all key stakeholders, and vulnerable groups, including gender considerations?	
	10. Is the requested financing justified on the basis of full cost of adaptation reasoning?	
	11. Is the project / program aligned with AF's results framework?	
	12. Has the sustainability of the project/programme outcomes been taken into account when designing the project?	
Resource Availability	1. Is the requested project / programme funding within the cap of the country?	
	2. Is the Implementing Entity Management Fee at or below 8.5 per cent of the total project/programme budget before the fee?	
	3. Are the Project/Programme Execution Costs at or below 9.5 per cent of the total project/programme budget (including the fee)?	
Eligibility of NIE/MIE	4. Is the project/programme submitted through an eligible NIE/MIE that has been accredited by the Board?	
Implementation Arrangement	1. Is there adequate arrangement for project / programme management?	
	2. Are there measures for financial and project/programme risk management?	
	3. Is a budget on the Implementing Entity Management Fee use included?	
	4. Is an explanation and a breakdown of the execution costs included?	
	5. Is a detailed budget including budget notes included?	
	6. Are arrangements for monitoring and evaluation clearly defined, including budgeted M&E plans and sex-disaggregated data, targets and indicators?	
	7. Does the M&E Framework include a break-down of how implementing entity fees will be utilized in the supervision of the M&E function?	
	8. Does the project/programme's results framework align with the AF's results framework? Does it include at least one core outcome indicator from the Fund's results framework?	
	9. Is a disbursement schedule with time-bound milestones included?	
Technical Summary		
Date:		

Annex III

**Adaptation Fund Board
Members and Alternate Members**

Version: 14 September 2011

<i>Term of Office¹</i>	<i>Position</i>	<i>Name</i>	<i>Country</i>	<i>Constituency Represented</i>
Dec. 2009 to Dec 2011	Member	Mr. Cheikh Ndiaye Sylla	Senegal	Africa
	Alternate Member	Mr. Richard Mwendandu	Kenya	Africa
(CMP 5 to CMP 7) ²	Member	Mr. Zaheer Fakir	South Africa	Africa
	Alternate Member	Mr. Ezzat Lewis Hannalla Agaiby	Egypt	Africa
	Member	Mr. Abdulhadi Al-Marri	Qatar	Asia
	Alternate Member	Mr. Damdiny Dagvadorj	Mongolia	Asia
	Member	Ms. Zheng He	China	Asia
	Alternate Member	Ms. Tatyana Ososkova	Uzbekistan	Asia
	Member	Ms. Barbara Letachowicz	Poland	Eastern Europe
	Alternate Member	Mr. Valeriu Cazac	Moldova	Eastern Europe
	Member	Ms. Medea Inashvili	Georgia	Eastern Europe
	Alternate Member	Ms. Iryna Trofimova	Ukraine	Eastern Europe
	Member	Mr. Jeffery Spooner	Jamaica	GRULAC
	Alternate Member	Mr. Luis Paz Castro	Cuba	GRULAC
	Member	Mr. Luis Santos	Uruguay	GRULAC
	Alternate Member	Mr. Santiago Reyna	Argentina	GRULAC
	Member	Mr. Hans Olav Ibrekk	Norway	WEOG
	Alternate Member	Mr. Anton Hilber	Switzerland	WEOG
	Member	Ms. Angela Churie-Kallhauge	Sweden	WEOG
	Alternate Member	Mr. Markku Kanninen	Finland	WEOG
Member	Mr. Peceli Vocea	Fiji	SIDS	
Alternate Member	Mr. Amjad Abdulla	Maldives	SIDS	
Member	Mr. Richard Muyungi	Tanzania	LDCs	
Alternate Member	Mr. Monowar Islam	Bangladesh	LDCs	
Member	Ms. Ana Fornells de Frutos	Spain	Annex I Parties	
Alternate Member	Mr. Yutaka Matsuzawa	Japan	Annex I Parties	
Member	Mr. Marc-Antoine Martin	France	Annex I Parties	
Alternate Member	Ms. Kate Binns	United Kingdom	Annex I Parties	
Member	Mr. Ricardo Lozano Picon	Colombia	Non-Annex I Parties	
Alternate Member	Ms. Sally Biney	Ghana	Non-Annex I Parties	
Member	Mr. Farrukh Iqbal Khan	Pakistan	Non-Annex I Parties	
Alternate Member	Mr. Bruno Sekoli	Lesotho	Non-Annex I Parties	

¹ Members and alternate members shall serve for a term of two years and shall be eligible to serve a maximum of two consecutive terms (see decision 1/CMP.3). At the seventh session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, half of the members of the Adaptation Fund Board, and their alternate members from the same group, shall continue to serve in office for one additional and final year. The terms as members do not count towards the terms as alternate members, and terms as alternate members do not count towards the terms as members (see decision 1/CMP.4).

² The term of office of a member, or an alternate, shall start at the first meeting of the Board in the calendar year following his or her election and shall end immediately before the first meeting of the Board in the calendar year in which the term ends (see decision 4/CMP.5).

Annex IV

Approved FY11 and proposed FY12 budget of the Board and secretary, and of the trustee¹

<i>All amounts in US\$</i>		<i>Approved FY11</i>	<i>Actual FY11</i>	<i>Approved FY12</i>
BOARD AND SECRETARIAT				
01	Personnel	1,334,445	1,343,460	1,552,027
02	Travel	1,127,900	740,766	1,057,810
03	General operations	166,686	165,130	297,265
04	Meetings	500,000	390,185	515,000
Sub-total Board and secretariat		3,129,031	2,639,542	3,422,101
TRUSTEE				
01	CER Monetization	678,000	673,467	678,000
02	Financial and Program Management	160,000	152,186	140,000
03	Investment Management	70,000	70,252	70,000
04	Accounting and Reporting	55,000	55,220	55,000
05	Legal Services	55,000	44,243	55,000
06	External Audit	42,479	42,479	90,000
Sub-total trustee		1,060,479	1,037,847	1,088,000
GRAND TOTAL ALL COMPONENTS		4,189,510	3,677,389	4,510,101

¹ Decimal points in the table are rounded up.

Annex V

ACCREDITATION APPLICATION FORM

Please fill out all of the background and contact information contained in Section I.

For Sections II-IV, provide a description of how the organization meets the specific required capabilities and attach supporting documentation. Examples of the types of supporting documentation that would provide evidence of meeting the Fund's fiduciary and management standards are included at the end of each of these sections.

SECTION I: Background/Contact

Nominated Entity (if NIE):
Invited Entity (if MIE):
Address:
Country:
Postal Code:
Telephone:
Fax:
Web Address:
Contact Person:
Telephone:
Email:

SECTION II: Financial Management and Integrity

Specific Capability Required

- (a) Legal status to contract with Adaptation Fund Board
- (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;
- (c) Managing and disbursing funds efficiently and with safeguards to recipients on a timely basis;
- (d) Produce forward-looking financial plans and budgets

	Required competency	Specific capability required	Supporting documentation that should be provided
	Legal Status	Demonstration of necessary legal personality	Documentation of legal status and mandate (please highlight the relevant paragraphs)
		Demonstration of legal capacity/authority and the ability to directly receive funds	<ul style="list-style-type: none"> i) Same documentation or separate supporting documentation ii) List of foreign loan/donor funds handled over the last 2 years
	Financial statements including Project Accounts statement and the provisions for Internal and External Audits	Production of reliable financial statements that are prepared in accordance with internationally recognized accounting standards	Audited Financial Statements
		Production of annual externally audited accounts that are consistent with recognized international auditing standards	<ul style="list-style-type: none"> i) External Auditor Reports ii) Audit Committee's Terms of Reference and
		Demonstration of use of accounting packages that are recognised and familiar to accounting procedures in developing countries	Name and brief description of accounting package used

	Required competency	Specific capability required	Supporting documentation that should be provided
		Demonstration of capability for functionally independent internal auditing in accordance with internationally recognized standards	<ul style="list-style-type: none"> i) Policy/charter and other published documents (like manuals) that outline the entity's internal auditing function ii) Copies of audit plans for last 2 years and the current year iii) List of internal audit reports of last 2 years and sample reports
	Internal Control Framework with particular reference to control over disbursements and payments	Demonstration of use of a control framework that is documented with clearly defined roles for management, internal auditors, the governing body, and other personnel	Policy or other published document that outlines the entity's control framework
		Demonstration of proven payment/disbursement systems	Procedures describing the payment/disbursement system with particular reference to project payments/disbursements
	Preparation of Business Plans and Budgets and ability to monitor expenditure in line with budgets	Production of long term business plans/ financial projections demonstrating financial solvency	Long Term Business plans or Financial Projections for the next 3 to 5 years
		Evidence of preparation of corporate, departmental/ ministry budgets and demonstration of ability to spend against budgets	<ul style="list-style-type: none"> i) Annual budgets for the organization and entities within it ii) End of calendar year/fiscal year or periodical budget report

SECTION III: Requisite Institutional Capacity

Specific Capability Required

- A) Ability to manage procurement procedures which provide for transparent practices, including competition
- B) Ability to identify, develop and appraise projects
- C) Competency to manage or oversee the execution of projects/programmes, including ability to manage sub-recipients and to support project/programme delivery and implementation
- D) Capacity to undertake monitoring and evaluation

	Required competency	Specific capability required	Supporting documentation that may be provided
	Procurement	Evidence of transparent and fair procurement policies and procedures at the national level that are consistent with recognized international practice (including dispute resolution procedures)	<ul style="list-style-type: none"> i) Procurement Policy ii) Detailed procedures or guidelines including composition and role of key decision making committees iii) Provisions for oversight/audit /review of the procurement function with an actual sample of oversight/audit/review reports iv) Procedures for handling/controlling procurement in Executing Agencies
	Project preparation and approval. This should include impact (environment, socio-economic, political, etc) assessment study with risk assessment and mitigation plans	Demonstration of capability and experience in identification and design of projects (preferably adaptation projects)	Detailed project plan documents for 2 projects
		Demonstration of availability of/ access to resources and track record of conducting appraisal activities	<ul style="list-style-type: none"> i) Details of the project approval process/procedure ii) 2 samples of project appraisals

	Required competency	Specific capability required	Supporting documentation that may be provided
			undertaken
		Demonstration of the ability to examine and incorporate the likely impact of technical, financial, economic, social, environmental, and legal aspects into the project at the appraisal stage itself	Sample of project documents which demonstrate this capability
		Evidence procedures/framework in place to undertake risk assessment and integrate mitigation strategies/plans into the project document	<ul style="list-style-type: none"> i) Policy and/or other published document(s) that outline the risk assessment procedures/framework ii) 2 samples of completed project appraisals with identified risks and corresponding mitigation strategies/plans
	Project implementation Planning and Quality-at-entry Review	Evidence of institutional system for planning implementation of projects with particular emphasis for quality-at-entry	Operational manual or written procedures for project review system during the design phase
		Evidence of preparation of project budgets for projects being handled by the entity or any sub-entity within it	<ul style="list-style-type: none"> i) Project budgets i) Analysis of project expenditure vs budget
	Project Monitoring and Evaluation during implementation	Demonstration of existing capacities for monitoring and independent evaluation that are consistent with the requirements of the Adaptation Fund	<ul style="list-style-type: none"> ii) Policy or other published document that outlines monitoring and evaluation requirements iii) Detailed procedures and formats used for monitoring and evaluation during project implementation iv) Sample project monitoring and evaluation reports
		Production of detailed project accounts which are externally audited	<ul style="list-style-type: none"> i) Sample of project accounts ii) Sample of project audit reports
		Evidence of a process or system, such as a project-at-risk system, that is in place to flag when a project has developed problems that may interfere with the achievement of its objectives, and to respond to redress the	Procedures for project-at-risk system or similar process/system to ensure speedy solutions to problems which may interfere

	Required competency	Specific capability required	Supporting documentation that may be provided
		problems	with the achievement of the project objectives
	Project closure and final evaluation	Demonstration of an understanding of and capacity to assess impact/implications of the technical, financial, economic, social, environmental, and legal aspects of projects	Project closure reports or independent evaluation reports containing assessment of the impact/implications of the technical, financial, economic, social, environmental, and legal aspects of projects
		Demonstration of competence to execute or oversee execution of projects/programmes	Independent evaluation reports of completed projects/ programmes

SECTION IV: Transparency, self-investigative powers, and anti-corruption measures

■ Specific Capability Required

a) Competence to deal with financial mismanagement and other forms of malpractice

	Required competency	Specific capability required	Supporting documentation that may be provided
	Policies and Framework to deal with financial mismanagement and other forms of malpractices	Evidence/tone/statement from the top emphasising a policy of zero tolerance for fraud, financial mismanagement and other forms of malpractice by implementing entity staff or from any external sources associated directly or indirectly with the projects	Provide evidence of a statement communicating such a policy of zero tolerance for fraud, financial mismanagement and other forms of malpractice
		Demonstration of capacity and procedures to deal with financial mismanagement and other forms of malpractice	<ul style="list-style-type: none"> i) Provide copy of documented code of conduct/ethics applicable to the staff ii) Documentation establishing avenues for reporting non-compliance/violation/misconduct and business conduct concerns iii) Details of policies and procedures relating to managing conflict of interest and whistle blower protection
		Evidence of an objective investigation function for allegations of fraud and corruption	<ul style="list-style-type: none"> i) The structure and process/procedures within the organization to handle cases of fraud and mismanagement and undertake necessary investigative activities. ii) Data on cases of violation of code of conduct/ethics and frauds reported over last 2 years be provided in terms of number of cases, types of violations and summary of

	Required competency	Specific capability required	Supporting documentation that may be provided
			status/action taken. iii) Periodical oversight reports of the ethics function/ committee be attached for the last 2 years
