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meeting of the Parties to the Kyoto Protocol**

Seventeenth session

Sharm el-Sheikh, 6–18 November 2022

Item 7(a) of the provisional agenda

Matters relating to the Adaptation Fund

Report of the Adaptation Fund Board

**Conference of the Parties serving as the
meeting of the Parties to the Paris Agreement**

Fourth session

Sharm el-Sheikh, 6–18 November 2022

Item 8(d) of the provisional agenda

Matters relating to finance

Matters relating to the Adaptation Fund

Report of the Adaptation Fund Board

Note by the Chair of the Adaptation Fund Board

Addendum

The addendum to the report¹ of the Adaptation Fund Board to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its seventeenth session and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its fourth session covers the period from 1 July 2022 to 21 October 2022. The text is reproduced in the annex as received from the Adaptation Fund Board on 4 November 2022.

¹ Contained in document FCCC/KP/CMP/2022/4–FCCC/PA/CMA/2022/3.



Annex

Addendum to the report of the Adaptation Fund Board

I. Background

1. This addendum to the report of the Adaptation Fund Board (the Board) at the seventeenth session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP 17) and at the fourth session of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA 4) provides an update to the CMP and the CMA on progress made by the Board during the period from 1 July 2022 to the thirty-ninth meeting of the Board which ended on 14 October 2022. Milestones achieved are summarized in the next sections.

II. Election of the Chair and Vice-Chair of the Board.

2. At its thirty-eighth meeting the Board had elected by consensus Albara Tawfiq (Saudi Arabia, Asia-Pacific States) as its Chair and Antonio Navarra (Italy, Western European and Other States) as its Vice-Chair. At its thirty-ninth meeting the Board decided to elect by consensus Antonio Navarra (Italy, Western European and Other States) as the Chair of the Board for the term of office commencing at its first meeting in 2023, and decided to elect the Vice-Chair of the Board during the intersessional period.

III. Changes in the composition of the Board

3. During the reporting period, the Board appointed Ms. Ursula Fuentes Hutfilter (Germany, Western European and Other States) as a member replacing Ms. Mirjam Büdenbender (Germany, Western European and Other States).¹

IV. Resources in the Adaptation Fund Trust Fund

4. As at 30 September 2022, the trustee had sold 33.1 million Fund Certified Emission Reduction (CER) units at an average price of USD 6.4, generating revenues of USD 211.9 million. Receipts from the monetization of CERs amounted to USD 0.18 million during the 3-month period from 1 July 2022 to 30 September 2022. As at 30 September 2022, 11.4 million CERs were still available to be sold, in accordance with the CER monetization guidelines adopted by the Board. The Board has instructed the trustee to transfer USD 583.1 million to implementing entities to date. In addition, during the first half of 2022 the Fund has received the first ever share of proceeds of Assigned Amount Units (AAUs), to potentially complement its resources. The number of AAUs received by the Fund is 1.18million. The potential to monetize these AAUs is being explored.

5. Funds available for new funding approvals amounted to USD 201.8 million as at 30 September 2022.

V. Accreditation of implementing entities

6. Following recommendation made by the Accreditation Panel of the Board (the Panel), the Board decided, through an intersessional process, to re-accredit Fundación Natura of Panama² as a National Implementing Entity (NIE) of the Fund.

7. The thirty-eighth meeting of the Panel was held on 7–8 September 2022 and was chaired by the Chair of the Panel Mr. Kevin Adams (the United States, Annex I Parties). In addition to the reviews of 13 accreditation applications and 16 re-accreditation applications, the Accreditation Panel considered and discussed the following matters: (i) progress on the status of the top-level management statement (TLMS) to be submitted by implementing entities (IEs) for accreditation and reaccreditation; (ii) working modalities of the Accreditation Panel; (iii) the Fund's study on the lessons learned from the streamlined accreditation process; and (iv) the thematic evaluation on accreditation and related readiness processes to be conducted by the Technical Evaluation Reference Group of the Fund (AF-TERG).

8. At the thirty-ninth meeting of the Board, the secretariat briefed the Board on accreditation-related matters not directly discussed by the accreditation panel at its thirty-eighth meeting. This was related to the requests the secretariat had received from implementing entities (IEs) at the annual NIE seminar in late September 2022, concerning the

¹ As per decision B.38-39/16.

² Adaptation Fund Board decision B.38-39/17

difficulties they were experiencing in their re-accreditation process due to delays induced by the COVID-19 pandemic and the suggestions from IEs for an extension of the deadline for achieving re-accreditation. While the Board had earlier decided to temporarily approve a blanket no-cost extension of up to 12 months in the completion date for eligible projects and programmes experiencing delays owing to COVID-19, the secretariat clarified that no such measures were made in connection with reaccreditation. Accordingly, the Board temporarily approved a blanket six-month extension of the deadline for achieving re-accreditation, for all IEs whose status had been “in reaccreditation process” between March 2020 and 1 July 2022.

9. The Board, at the thirty-ninth meeting, also considered the report of the task force on the matters related to the top-level management statement to be submitted by IEs for accreditation and re-accreditation. The Board decided to take note of the report and welcomed the application of the TLMS template endorsed by the task force. Following the meeting, and as per the decision of the Board, the secretariat will communicate the relevant decision to applicant IEs and provide status updates to the Board on the TLMS implementation at the Board’s fortieth meeting.

VI. Adaptation Fund Board committees

10. At its thirtieth meeting the Ethics and Finance Committee (EFC) considered and made recommendations to the Board on the following items: the annual performance report for fiscal year 2022; the report of the Chair of the Technical Evaluation Reference Group of the Adaptation Fund (AF-TERG), including on the draft framework for the development of evaluation policy guidance document, the thematic evaluation of the Fund’s experience with innovation, options for the overall evaluation of the Fund, information update on phase 2 of the ex-post project sustainability evaluation, and the revision of the AF-TERG and its secretariat for fiscal year 2023; progress report on the management response to the mid-term review of the medium-term strategy; and the update on implications of the fiduciary issues related to the United Nations Development Programme.

11. During the reporting period, in the review cycle in the intersessional period between the thirty-eighth and thirty-ninth meetings of the Board, the Project and Programme Review Committee (PPRC) had reviewed two fully-developed project single country project proposals, one single country concept note, two fully-developed project documents for regional projects and programmes, and three regional concept notes.

12. At its thirtieth meeting, the Project and Programme Review Committee (PPRC) recommended the approval of 13 concrete project/programme proposals, including two fully-developed single country project proposals, ten single country project concepts, and one fully developed regional project proposal. The PPRC also recommended the approval of one enhanced direct fully developed project, one enhanced direct access project concept and two large innovation project concepts. The PPRC also discussed and conveyed to the Board its recommendations to admit the resubmission of letter of endorsement that is signed by the Designated Authority on file with the Fund, irrespective of the date of endorsement, and to adopt the updated guidance for implementing entities on the use of unidentified sub-projects (USPs). Finally, it presented to the Board the option to pilot a new review process, with a view to shortening the pre-approval stage and increasing efficiency of the process.

VII. Funding decisions on adaptation projects and programmes

13. During the two review cycles, the Board approved one and two single-country proposals for funding for a total amount of USD 10.00 million and USD 19.50 million, respectively. The Board also approved two and one regional proposals for funding for a total amount of USD 30.19 million. In addition, the Board at its thirty-ninth meeting noted the recommendation by the PPRC to approve one additional single-country project and one additional fully-developed regional proposal proposed by multilateral implementing entities (MIE), for a total amount of USD 15.99 million and, owing to the fact that the Board, through decision B.12/9 had decided to establish a cap of 50 per cent on the funding of projects/programmes implemented by MIEs and that the funding of those proposals would have exceeded the cap, decided to place them in a waitlist, and to consider it for approval subject to the availability of funds, at a future Board meeting, or intersessionally. The Parties whose single-country proposals were approved or recommended for approval for funding are Bhutan, Costa Rica and Uganda. The Parties included in regional proposals that were approved for funding under the funding window for regional projects and programmes are Belize, Cambodia, El Salvador, Guatemala, Honduras, Lao People’s Democratic Republic, Thailand and Viet Nam. The Parties included in the two waitlisted projects are India and Sri Lanka.

14. In addition to the funding decisions referred to in paragraph 13 above, the Board endorsed ten single-country project concepts at its thirty-ninth meeting, for Georgia, Guinea, Fiji, Indonesia (two proposals), Lao People’s Democratic Republic, Mongolia, Niger, Tuvalu, and Zambia, for a total amount of USD 64.89 million.

15. The sectors represented in the approved fully developed proposals and endorsed concepts include agriculture, coastal management, disaster risk reduction, ecosystem-based adaptation, food security, rural development, urban development, water management, and multisectoral projects.

VIII. Implementation of the Medium-Term Strategy

16. The Board also considered and approved further proposals under the funding windows established under the Medium-term Strategy (MTS), including an enhanced direct access project in Rwanda and one concept (Peru), and two concepts for large grants for innovation (Bhutan and Kenya-Uganda).

17. Elements related to innovation: The Board at its thirty-sixth meeting requested the secretariat to develop an updated document that included an analysis of the global landscape of finance for innovation in climate adaptation, along with any gaps; potential types of risks related to innovation projects funded by the Adaptation Fund, with recommendations on the flexibility on acceptable levels specific to the type of risk; and a proposal on the piloting of the establishment of an advisory body to support the Adaptation Fund's work on innovation on an ongoing basis.³

18. The Board considered the updated document⁴ at its thirty-ninth meeting and requested the secretariat to develop a draft risk framework for innovation projects and programmes, along with desired risk-tolerance targets for the Adaptation Fund's innovation projects portfolio, taking into account the differences among the innovation funding windows; to indicate and clarify the project design elements that are encouraged in innovation, elaborating on the concept of acceptable or desirable risk, with a view to providing guidance to implementing entities; and in consultation with the innovation task force, to further develop principles for the advisory body for innovation, including draft terms of reference, taking into account the developments with the medium-term strategy for 2023–2027. The Board further requested the secretariat to present the analyses and recommendations arising from the work performed related to the aforementioned elements to the Project and Programme Review Committee at its thirty-first meeting.⁵

19. Under the MTS, the Fund continued to advance its work on the crosscutting theme of gender equality and the empowerment of women and girls. In terms of gender balance in the composition of the AFB, 14 seats out of 32 (one seat is vacant) are held by women as of October 2022. The annual performance report for the fiscal year 2022 of the Fund, in its gender dedicated section, reported on the Fund's gender work during fiscal year 2022.⁶ During the reporting period, the Fund gender guidance document for implementing entities had been updated⁷, and the secretariat produced a user-friendly summary version of the updated gender guidance document.⁸ To help strengthen implementing entities' capacity to integrate gender considerations into the Fund supported projects and programmes, the Fund held gender training at the annual NIE seminar in September 2022 and the Fund gender training webinar targeting its implementing entities in October 2022.

20. Following the EFC's recommendation on the mid-term review (MTR) of the MTS and the initial management response to the MTR, the Board at its thirty-ninth meeting approved a progress report prepared by the secretariat in implementing the action plan of the updated management response to the mid-term review of the medium-term strategy. Overall, the secretariat has acted on almost all recommendations and for those items for which an immediate and detailed update is not provided, the secretariat has provided a rationale and proposed follow up action including those elements that require a Board decision or for which the implementation depends on the approval of the new medium-term strategy for the period 2023–2027.

21. Approaching the end of the period of the first MTS (2018 to 2022), the Board at its thirty-ninth meeting adopted the second MTS (MTS 2023 - 2027) which was developed under the Board's task force on the second MTS taking into account the findings and recommendations of the mid-term review of the MTS and the inputs from open and inclusive consultations of the various Fund stakeholders, including the Board, contributor and recipient governments, accredited entities, Adaptation Fund Civil Society Organization Network, the Intergovernmental Panel on Climate Change and other adaptation experts. The MTS 2023 – 2027 builds on the Fund's achievements and experience with implementing the first

³ Adaptation Fund Board Decision B.36/39, subparagraph (c).

⁴ Document AFB/B.39/10.

⁵ Adaptation Fund Board Decision B.39/65.

⁶ Available at <https://www.adaptation-fund.org/document/annual-performance-report-for-fiscal-year-2022/>.

⁷ Available at <https://www.adaptation-fund.org/document/guidance-document-implementing-entities-compliance-adaptation-fund-gender-policy-2/>

⁸ Available at https://www.adaptation-fund.org/wp-content/uploads/2022/08/Summary_AF-gender-guidance_Sep-2022-.pdf

MTS with the aim to further consolidate the Fund’s comparative advantage and optimize its impact. It does so by continuing the strategic focus on financing adaptation action, innovation and learning and sharing, while increasing the ambition under each of these strategic pillars, strengthening the linkage and synergies between them, and further introducing a crosscutting strategic emphasis on promoting locally based and locally led adaptation as well as on scaling up funded activities and results. The Board decided to broadly disseminate the MTS 2023-2027 to the Fund stakeholders to raise awareness and support and to prepare a draft implementation plan for the MTS 2023 – 2027 for consideration by the Board at its fortieth meeting.

IX. Operational linkages and relations with institutions under the Convention

22. At the thirty-ninth meeting of the Board, the Board considered an update on potential linkages between the Fund and the Green Climate Fund⁹, including the Annual Dialogue on climate finance delivery channels, the pilot of scaling-up approach between the Fund and the GCF, jointly supporting the community of practice for direct access entities (CPDAE), and the discussion on the complementarity between the Fund and GCF on matters related to accreditation. The Board decided to continue through its Chair and Vice-Chair its active engagement with the GCF Board, assisted by the secretariat, with a view to further exploring complementarity and coherence between the two funds and taking concrete steps to advance the options for fund-to-fund arrangements. The Board also decided to request the secretariat to continue discussions with the GCF to advance the collaborative activities identified at the Annual Dialogue in November 2020 and progress in implementing the six activities of the 2019 roadmap.¹⁰

23. The Fund continued pursuing active engagement with other climate funds. During the reporting period, the secretariats of the Fund and the GCF have continued the implementation of the structured common approach to further operationalize the potential for scaling up and replications in their portfolio of projects and programmes. In addition, the two secretariats have advanced on the implementation of the Scaling-Up Approach between the Fund and the GCF with an initial list of projects identified for scaling up by the GCF in four countries (Belize, Cambodia, Ecuador and South Africa). In addition, both secretariats have continued their support to the CPDAE with a GCF readiness funding approved in December 2021 and implemented by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) as the delivery partner for a total amount of EUR 991,000. The support by the Fund will continue on areas related to communication, outreach for 2022 as well as annual workshops planned for 2023.

X. Readiness Programme for Climate Finance

24. During the reporting period, the following activities were carried out under the readiness programme:

(a) Latin America and the Caribbean Climate Week 2022 (LACCW 2022) which took place from 18-22 July in Santo Domingo, Dominican Republic from 18-22 July 2022. The Adaptation Fund Board secretariat hosted a side event which sought to raise awareness in the LAC region of the Fund’s portfolio, funding opportunities under the medium-term strategy, accreditation process, and readiness grants

(b) Remote participation in SADC Great Green Wall (GGW) Stakeholder Engagement and Capacity Building Workshop in Pretoria, South Africa from 2-4 August 2022. Organized by UNCCD and its partners The workshop objective was to provide a platform for the 16 SADC countries to take stock of progress in the region, define the narrative and investment areas, and prioritize key actions to accelerate implementation of the GGWI SADC.

(c) Global Adaptation Week from 22-26 August 2022 organized by the UNFCCC which featured 4 distinct events: NAP Expo 2022 organized by UNFCCC Least Developed Countries Expert Group (LEG); Resilience Frontiers organized by UNFCCC secretariat; UN4NAPs Forum; and the 42nd meeting of the LEG.

(d) Training workshop on climate finance access in the Arab States organized by the UNFCCC secretariat in Tunis, Tunisia from 18-20 September 2022. The workshop brought together national focal points of the Arab States to the UNFCCC, the Adaptation Fund, the Global Environment Facility, and the Green Climate Fund to: Validate the draft Climate Finance Access and Mobilization Strategy for Arab States; Enhance knowledge on different climate finance sources and instruments available; and identify common priority adaptation and mitigation needs in the region and transform them into project concepts.

(e) Online Africa Regional Resilience Hub hosted by SouthSouthNorth and Climate & Development Knowledge Network from 19-22 September 2022. The event included a session under the theme: Bottom-up approaches towards climate funding: challenges and opportunities of African CSOs which facilitated information sharing and learning

⁹ Adaptation Fund Board Document AFB/B.39/7

¹⁰ Adaptation Fund Board Decision B.37/41.

on the Adaptation Fund's experience supporting locally led climate action, including accessing its funding via the enhanced direct access and innovation funding windows.

(f) The 2022 Annual NIE Seminar from 26-30 September 2022 with 60 participants representing 25 of the 34 accredited NIEs of the Fund. The seminar sought to facilitate dialogue between accredited NIEs and between the Fund and the NIEs on the Fund's portfolio of projects and related policies and procedures, project scaling-up, communications, knowledge management, innovation, enhanced direct access, compliance with the Fund's gender policy, enhancing delivery of readiness and capacity-building support including the Fund's support for the community of practice for direct access entities (CPDAE), and to address gaps and challenges in reaccreditation.

XI. Technical Evaluation Reference Group of the Adaptation Fund

25. During this reporting period the Technical Evaluation Reference Group of the Adaptation Fund (AF-TERG) continued its work to develop guidance documents related to the Evaluation Policy for the Fund. The Chair of the AF-TERG provided a report on this work to the EFC at its thirtieth meeting. The guidance documents will be presented for consideration by the EFC in March 2023.

26. The AF-TERG also provided an information update on the AF-TERG's work on ex-post evaluations to the EFC at its thirtieth meeting.

27. During the thirtieth meeting of the EFC, the Chair of the AF-TERG also presented options for the approach to the overall evaluation of the Fund, and based on the recommendation of the EFC, the Board decided to adopt a phased approach to the overall evaluation, proceeding urgently with a rapid evaluation and undertaking a comprehensive evaluation at a later stage, with a view to contributing to the development of the Adaptation Fund's medium-term strategy for 2028–2032.

28. The AF-TERG also presented the findings of the thematic evaluation of the Fund's approach and experience with innovation in climate change adaptation to the EFC at its thirtieth meeting. Based on the recommendation of the EFC, the Board took note of the findings and requested the secretariat to prepare a draft management response to the thematic evaluation mentioned above and to submit it to the EFC for comments during the intersessional period between the Board's thirty-ninth and fortieth meetings, and to revise the draft management response taking into account the comments received from the members of the EFC for the consideration of the EFC at its thirty-first meeting. The Board also requested the secretariat to consider, in the context of developing plans for the implementation of future work on innovation, various options, including the three options presented in the evaluation document, as well as a combination of relevant elements thereof, and the cost and resource implications required to implement them, as well as their potential benefits and impacts, and accordingly consider them when developing the implementation plan for the medium-term strategy for 2023–2027 for consideration by the Board. The Board also decided that it would consider and approve subsequent topics for AF-TERG thematic evaluations in the context of the three-year work plans of the AF-TERG, including the next AF-TERG work programme for 2025–2027.

XII. Resource Mobilization Strategy

29. The Board, at its thirty-ninth meeting approved the resource mobilization strategy for the period 2022-2025 and approved the resource mobilization action plan. The resource mobilization strategy and associated action plan seek to ensure significant mobilization of resources from governments, sub-national governments, and alternative sources of funding are secured based on single and multi-year targets based on the current financial situation of the Fund and an analysis of the Fund's potential for mobilizing resources.

30. The Board took note, as part of its consideration of the report by the secretariat at the thirty-ninth meeting, that overall resource mobilization of the Fund continues to show a positive trend both in terms of absolute total amount pledged per year, and the number and the increased diversity of contributor governments who have supported the Fund. The trend demonstrates that there is an opportunity to continue to diversify further and add national and sub-national contributors. The Board also took note of the increasing trend of funding requests for projects and programmes per cycle and that the Fund over the last 15 years has matured and demonstrated its ability and ambition to channel significant adaptation finance to support all eligible Parties.

XIII. Amendments to the AF Strategic Priorities, Policies and Guidelines (SPPG) and the Operational Policies and Guidelines (OPG) in Response to Decisions 3/CMP.16 and 13/CMA.3

31. To fulfill the mandate under decisions 3/CMP.16 and 13/CMA.3, the Board, at its thirty-ninth meeting in October 2022, considered documents¹¹ prepared by its secretariat and discussed the amendments to the Fund's Strategic Priorities, Policies and Guidelines of the Adaptation Fund adopted by CMP (SPPG) and the Operational Policies and Guidelines for Parties to Access Resources from the Adaptation Fund (OPG). Prior to its thirty-ninth meeting, the Board considered this matter at its thirty-eighth meeting in April 2022 and also conducted an intersessional survey of the Board to further consider the amendments to the SPPG and OPG, and the Board input received through the survey was reflected in amending the SPPG and OPG.

32. The Board took note of the fact that the Fund is still in transitional period where the Fund serves both the Kyoto Protocol and the Paris Agreement, and that the OPG and SPPG would need to be amended again for the post-transitional period where the Fund exclusively serves the Paris Agreement. In this respect, it was of the view that the amendments to the SPPG and OPG could be focused on reflecting decisions 3/CMP.16 and 13/CMA.3, such as those which confirmed that developing country Parties to the Paris Agreement that are particularly vulnerable to the adverse effects of climate change are eligible for funding from the Adaptation Fund, and that Parties to the Paris Agreement are eligible for membership on the Adaptation Fund Board. The SPPG was developed in 2008 and adopted by the CMP as per decision 1/CMP.4, and it is the first time for the Board to amend the SPPG.

33. With respect to matters relating to membership of the Adaptation Fund Board, the Board took note that: the matter was considered in informal consultations during the fifty-sixth session of the Subsidiary Body for Implementation (SBI) in June 2022, but the Parties had not been able to agree on conclusion; and as per rules 10(c) and 16 of the UNFCCC Draft Rules of Procedure of the COP and its Subsidiary Bodies, the matter, not being completed at the SBI 56, will be included automatically in the provisional agenda of the 57th session of the SBI in November 2022.

34. The Board also emphasized the importance of the timely and appropriate preparations for the arrangements related to post-transitional period where the Fund exclusively serves the Paris Agreement to ensure the Fund's transition in a timely and smooth manner, recognizing that further guidance and decisions by the CMP and CMA may be made at the upcoming UN climate change conference.

35. Having considered decisions 3/CMP.16 and 13/CMA.3, as well as documents AFB/B.39/9 and its annex, AFB/B.39/9/Add.1 and AFB/B.39/9/Add.2, the Board decided: (a) to approve the amendments to the SPPG, as contained in document AFB/B.39/9/Add.1¹²; (b) to approve the amendments to the OPG, as contained in document AFB/B.39/9/Add.2¹³; (c) to submit its recommendation to the Conference of the Parties serving as meeting of the Parties to the Kyoto Protocol (CMP) at its seventeenth session that the CMP consider and take any action on, as it deems appropriate, the amendments to the SPPG as approved by the Board at its thirty-ninth meeting; (d) to include a summary of the Board's consideration of and decisions on the amendments to the SPPG and OPG in response to decisions 3/CMP.16 and 13/CMA.3 and the Board's recommendation to the CMP as referred to in paragraph (c) in the addendum to the Report of the Board to the CMP at its seventeenth session and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA) at its fourth session.¹⁴

XIV. Enhanced civil society engagement

36. The Board, at its thirty-ninth meeting, considered a draft outline of the Adaptation Fund Vision and Guidelines for Enhanced Civil Society Engagement that was prepared by the secretariat taking into account results of the past survey among the Board on the matter. The Board decided to request the secretariat to draft the vision and guidelines according to the outline as presented by the secretariat and reflecting the discussion at the meeting. The Board, at its fortieth meeting, will discuss the draft vision and guidelines as well as remaining elements recommended by the Adaptation Fund Civil Society Organization Network that were not included in the draft outline.

¹¹ Documents AFB/B.39/9, AFB/B.39/9/Add.1 and AFB/B.39/9/Add.2, available at <https://www.adaptation-fund.org/meeting/39th-afb-meeting/>

¹² Available at <https://www.adaptation-fund.org/document/proposed-amendment-of-strategic-priorities-policies-and-guidelines-of-the-adaptation-fund-adopted-by-the-cmp-sppg-annex-i-to-the-opg/>

¹³ Available at <https://www.adaptation-fund.org/document/proposed-amendment-of-operational-policies-and-guidelines-for-parties-to-access-resources-from-the-adaptation-fund-opg/>

¹⁴ Adaptation Fund Board Decision B.39/66.

XV. Diversification of the Board meeting venues

37. The Board, at its thirty-eighth and thirty-ninth meetings, considered the matter of diversification of the venues of the Board meetings, in view of the possibilities of holding Board meetings in developing countries where projects and programmes supported by the Fund were being implemented and elsewhere in the developing world, to enable the Board to experience the countries where they were allocating the Fund resources, the Fund to reach different stakeholders and increase its visibility, and developing countries to capitalize on Fund resources and funding. The rules of procedure provided for the Board to meet at least twice every year or as frequently as necessary to discharge its business, in the country of the seat of the UNFCCC secretariat, or in countries hosting meetings of the Conference of the Parties to the UNFCCC or of its subsidiary bodies when in conjunction with those meetings. The Board had met twice outside Bonn: once in Cancun, Mexico in December 2010, and once in Durban, South Africa in November 2011, in both bases back-to-back with meetings of the UN Climate Change Conference.

38. The Board was generally supportive of the proposal, considering that such meetings would provide the Board more exposure to the countries where the Fund worked and could possibly be linked to visit to projects supported by the Fund. At the same time, the Board was of the view that financial and procedural implications of holding meetings elsewhere than Bonn need to be further investigated and clarified. As per Board decision B.38/52, the secretariat explored the feasibility of organizing the Board meeting in the host country for the UN Climate Change Conference and other developing countries not specified in paragraph 18 of the Rules of Procedure.¹⁵ The secretariat presented elements to be considered in deciding to hold the Board meeting in a country not specified in the Rules of Procedure: amendment of paragraph 18 of the Rules of Procedure which requires the adoption of the amendment by the CMP; host country's agreement to host the Board meeting; arrangement for the distribution of daily subsistence allowance; privileges and immunities for the Board, the secretariat, and other eligible meeting participants; arrangements for the venue, necessary equipment and facilities, security, logistical support including visa arrangements and hiring local staff necessary for the meeting support.

39. Having considered document AFB/B.39/12, the Board decided to request the secretariat to explore the feasibility of holding the forty-first meeting scheduled from 10-13 October 2023 in the host country for the 2023 UN Climate Change Conference (COP28) in conjunction with such meeting, to enable the Board to further consider the matter at its 41st meeting or during intersessional period between the 40th and 41st meetings. It also decided to continue considering the matter of diversification of meeting venues at its 40th and 41st meetings.

XVI. Knowledge management

40. During the reporting period the following thematic publications were completed:

(a) *Lessons learned: Adaptation Fund' streamlined accreditation process* which aims to increase understanding among prospective small applicant entities of the benefits of the streamlined process, including what has worked well and areas that need improvement. The publication is aimed at entities seeking accreditation to the streamlined process as well as the Board, secretariat and other relevant stakeholders. The report provides a brief background of the streamlined process, details the assessment and result from the desk study and interviews conducted, provides a deeper dive into the process for the three small national implementing entities and concludes with key lessons learned as well as recommendations for further improvement.

(b) *Youth Engagement in climate change adaptation: Lessons from the Adaptation Fund portfolio of projects and programmes* which provides an overview of youth participation in adaptation projects and interventions supported by the Adaptation Fund. The study aims to understand the enabling factors, drivers and barrier of youth engagement in the Fund portfolio.

XVII. Recommendations for actions by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its seventeenth session and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its fourth session

41. The CMP and CMA may wish to take note of the information contained in this addendum to the report of the Adaptation Fund Board to the CMP at its seventeenth session and to the CMA at its fourth session.

42. The Adaptation Fund Board invites the CMP and the CMA to take note of the Board's consideration and decision which was made in response to decisions 3/CMP.16 and 13/CMA.3, on the amendments to the Strategic Priorities, Policies

¹⁵ Adaptation Fund Board Document AFB/B.39/12, available at <https://www.adaptation-fund.org/document/56501/>

and Guidelines of the Adaptation Fund (SPPG) and Operational Policies and Guidelines for Parties to Access Resources from the Adaptation Fund (OPG) as contained in this document and its annexes III and IV.

43. The Adaptation Fund Board invites the CMP to consider and take any action on, as it deems appropriate, the amendments to the Strategic Priorities, Policies and Guidelines of the Adaptation Fund (SPPG) as approved by the Board at its thirty-ninth meeting and contained in Annex III to this document.

Project funding approvals by the Adaptation Fund Board between 1 July and 14 October 2022

Figure 1

Project-related funding decisions made during the intersessional period between the 38th and 39th meetings of the Adaptation Fund Board
(United States dollars)

<i>1. Full Proposals: Single-country</i>	<i>Country</i>	<i>IE</i>	<i>PPRC Document number</i>	<i>NIE funding, USD</i>	<i>RIE funding, USD</i>	<i>MIE funding, USD</i>	<i>Recommendation</i>	<i>Funding set aside, USD</i>
NIE								
	Costa Rica	Fundecooperación	AFB/PPRC.29-30/5	10,000,000			Approve	10,000,000
	Niger	BAGRI	AFB/PPRC.29-30/6	10,000,000			Not Approve	0
Sub-total, USD				20,000,000	-	-		10,000,000
<i>2. Concepts: Single- country</i>	<i>Country</i>	<i>IE</i>	<i>PPRC Document number</i>	<i>NIE funding, USD</i>	<i>RIE funding, USD</i>	<i>MIE funding, USD</i>	<i>Recommendation</i>	<i>Funding set aside, USD</i>
NIE								
	Côte d'Ivoire	FIRCA	AFB/PPRC.29-30/7	4,000,000			Endorse	-
Sub-total, USD				4,000,000	-	-		-
<i>3. Project Formulation Grant: Single-country concept</i>	<i>Country</i>	<i>IE</i>	<i>PPRC Document number</i>	<i>NIE funding, USD</i>	<i>RIE funding, USD</i>	<i>MIE funding, USD</i>	<i>Recommendation</i>	<i>Funding set aside, USD</i>
NIE								
	Côte d'Ivoire	FIRCA	AFB/PPRC.29-30/7/Add.1	50,000			Approve	50,000
Sub-total, USD				50,000	-	-		50,000
<i>4. Full Proposals: Regional</i>	<i>Region/Countries</i>	<i>IE</i>	<i>PPRC Document number</i>	<i>NIE funding, USD</i>	<i>RIE funding, USD</i>	<i>MIE funding, USD</i>	<i>Recommendation</i>	<i>Funding set aside, USD</i>
RIE								

	Belize, Guatemala, Honduras	CABEI	AFB/PPRC.29-30/8	13,248,121	Approve	13,248,121
MIE						
	Cambodia, Lao (People's Democratic Republic), Thailand, Viet Nam	UNESCO	AFB/PPRC.29-30/9	4,898,775	Approve	4,898,775
Sub-total, USD				-	13,248,121	4,898,775
						18,146,896

<i>5. Concepts: Regional</i>	<i>Region/Countries</i>	<i>IE</i>	<i>PPRC Document number</i>	<i>NIE funding, USD</i>	<i>RIE funding, USD</i>	<i>MIE funding, USD</i>	<i>Recommendation</i>	<i>Funding set aside, USD</i>
RIE								
	Benin, Togo	OSS	AFB/PPRC.29-30/10		14,000,000		Endorse	-
MIE								
	Botswana, Malawi, Mozambique, South Africa, Zambia, Zimbabwe	IFAD	AFB/PPRC.29-30/11			13,932,000	Not endorse	-
	Cameroon, Central African Republic, Chad, Niger, Nigeria	WMO	AFB/PPRC.29-30/12			10,620,000	Endorse	-
Sub-total, USD				-	14,000,000	24,552,000		-

<i>6. Project Formulation Grants: Regional Concepts</i>	<i>Region/Countries</i>	<i>IE</i>	<i>PPRC Document number</i>	<i>NIE funding, USD</i>	<i>RIE funding, USD</i>	<i>MIE funding, USD</i>	<i>Decision</i>	<i>Funding set aside, USD</i>
RIE								
	Benin, Togo	OSS	AFB/PPRC.29-30/10/Add.1		80,000		Approve	80,000
MIE								

	Cameroon, Central African Republic, Chad, Niger, Nigeria	WMO	AFB/PPRC.29-30/12/Add.1			80,000	Approve	80,000
Sub-total, USD				-	80,000	80,000		160,000
GRAND TOTAL				24,050,000	27,328,121	29,530,775		28,356,896

Figure 2
Project-related funding decisions made at the 39th meeting of the Adaptation Fund Board
(United States dollars)

1. Full Proposals: Single-country	Country	IE	PPRC Document number	NIE funding, USD	RIE funding, USD	MIE funding, USD	Technical Recommendation	Funding set aside, USD
NIE								
	Bhutan	BT FEC	AFB/PPRC.30/4	9,998,955			Approve	9,998,955
	Uganda (1)	MoWE	AFB/PPRC.30/5	2,249,000			Not approve	0
	Uganda (2)	MoWE	AFB/PPRC.30/6	9,504,600			Approve	9,504,600
	Zimbabwe	EMA	AFB/PPRC.30/7	4,989,000			Not approve	0
MIE								
	Montenegro	IFAD	AFB/PPRC.30/8			10,000,000	Not approve	0
	Sri Lanka	UN-Habitat	AFB/PPRC.30/9			2,000,000	Waitlist (1 st)	0
Sub-total, USD				26,741,555	-	12,000,000		19,503,555
2. Concepts: Single-country	Country	IE	PPRC Document number	NIE funding, USD	RIE funding, USD	MIE funding, USD	Decision	Funding set aside, USD
NIE								
	Indonesia (1)	Kemitraan	AFB/PPRC.30/10	999,714.29			Endorse	-
	Indonesia (2)	Kemitraan	AFB/PPRC.30/11	993,081			Not endorse	-
	Indonesia (3)	Kemitraan	AFB/PPRC.30/12	996,633			Not endorse	-
	Indonesia (4)	Kemitraan	AFB/PPRC.30/13	970,503			Not endorse	-

Indonesia (5)	Kemitraan	AFB/PPRC.30/14	960,225		<i>Not endorse</i>	-
Indonesia (6)	Kemitraan	AFB/PPRC.30/15	998,868		Endorse	-
Indonesia (7)	Kemitraan	AFB/PPRC.30/16	998,738		<i>Not endorse</i>	-
Indonesia (8)	Kemitraan	AFB/PPRC.30/17	1,000,000		<i>Not endorse</i>	-
Indonesia (9)	Kemitraan	AFB/PPRC.30/18	977,939		<i>Not endorse</i>	-
Indonesia (10)	Kemitraan	AFB/PPRC.30/19	999,226		<i>Not endorse</i>	-
Mexico (1)	IMTA	AFB/PPRC.30/20	1,059,941.30		<i>Not endorse</i>	-
Mexico (2)	IMTA	AFB/PPRC.30/21	6,434,050		<i>Not endorse</i>	-
Mexico (3)	IMTA	AFB/PPRC.30/22	3,255,000		<i>Not endorse</i>	-
Niger	BAGRI	AFB/PPRC.30/23	10,000,000		Endorse	-
Peru	PROFONANPE	AFB/PPRC.30/24	5,465,145		<i>Not endorse</i>	-
Tuvalu	MoF	AFB/PPRC.30/25	2,000,000		Endorse	-
RIE						
Fiji	SPC	AFB/PPRC.30/26		5,764,000	Endorse	-
MIE						
Georgia	IFAD	AFB/PPRC.30/27		9,846,766	Endorse	-
Guinea	WFP	AFB/PPRC.30/28		10,000,000	Endorse	-
Lao People's Democratic Republic	UN-Habitat	AFB/PPRC.30/29		7,323,750	Endorse	-
Libya	IFAD	AFB/PPRC.30/30		9,997,156	<i>Not endorse</i>	-
Maldives	UNESCO	AFB/PPRC.30/31		10,000,000	<i>Not endorse</i>	-
Mongolia	UN-Habitat	AFB/PPRC.30/32		7,965,889	Endorse	-
Zambia	IFAD	AFB/PPRC.30/33		10,000,000	Endorse	-
Sub-total, USD			38,109,063.59	5,764,000	65,133,561	-

3. Project Formulation Grants (PFG): Single-country	Country	IE	PPRC Document number	NIE funding, USD	RIE funding, USD	MIE funding, USD	Decision	Funding set aside, USD
NIE								
	Indonesia (1)	Kemitraan	AFB/PPRC.30/10/Add.1	50,000			Approve	50,000
	Indonesia (2)	Kemitraan	AFB/PPRC.30/11/Add.1	50,000			Not approve	0
	Indonesia (3)	Kemitraan	AFB/PPRC.30/12/Add.1	50,000			Not approve	0
	Indonesia (4)	Kemitraan	AFB/PPRC.30/13/Add.1	50,000			Not approve	0
	Indonesia (5)	Kemitraan	AFB/PPRC.30/14/Add.1	50,000			Not approve	0
	Indonesia (6)	Kemitraan	AFB/PPRC.30/15/Add.1	50,000			Approve	50,000
	Indonesia (7)	Kemitraan	AFB/PPRC.30/16/Add.1	50,000			Not approve	0
	Indonesia (8)	Kemitraan	AFB/PPRC.30/17/Add.1	50,000			Not approve	0
	Indonesia (9)	Kemitraan	AFB/PPRC.30/18/Add.1	50,000			Not approve	0
	Indonesia (10)	Kemitraan	AFB/PPRC.30/19/Add.1	50,000			Not approve	0
	Mexico (2)	IMTA	AFB/PPRC.30/21/Add.1	40,000			Not approve	0
	Mexico (3)	IMTA	AFB/PPRC.30/22/Add.1	30,000			Not approve	0
	Niger	BAGRI	AFB/PPRC.30/23/Add.1	49,000			Approve	49,000
	Tuvalu	MoF	AFB/PPRC.30/25/Add.1	50,000			Approve	50,000
Sub-total, USD				669,000	-	-		199,000
4. Full Proposals: Regional	Region/Countries	IE	PPRC Document number	NIE funding, USD	RIE funding, USD	MIE funding, USD	Decision	Funding set aside, USD
MIE								
	Antigua and Barbuda, Saint Lucia	UN-Habitat	AFB/PPRC.30/34			13,996,500	Not approve	0
	El Salvador, Honduras	WFP	AFB/PPRC.30/35			12,048,300	Approve	12,048,300
	India, Sri Lanka	WFP	AFB/PPRC.30/36			13,995,524	Waitlist (2 nd)	0
Sub-total, USD				-	-	40,040,324		12,048,300

<i>5. Concepts: Regional</i>	<i>Region/Countries</i>	<i>IE</i>	<i>PPRC Document number</i>	<i>NIE funding, USD</i>	<i>RIE funding, USD</i>	<i>MIE funding, USD</i>	<i>Decision</i>	<i>Funding set aside, USD</i>
RIE								
	Guinea, Mali, Mauritania, Senegal	OSS	AFB/PPRC.30/37		14,000,000		Not endorse	-
Sub-total, USD				-	14,000,000	-		-
<i>6. Project Formulation Grants (PFG): Regional Concepts</i>	<i>Region/Countries</i>	<i>IE</i>	<i>PPRC Document number</i>	<i>NIE funding, USD</i>	<i>RIE funding, USD</i>	<i>MIE funding, USD</i>	<i>Decision</i>	<i>Funding set aside, USD</i>
RIE								
	Guinea, Mali, Mauritania, Senegal	OSS	AFB/PPRC.30/37/Add.1		80,000		Not approve	0
Sub-total, USD				-	80,000	-		-
<i>7. Pre-concepts: Regional</i>	<i>Region/Countries</i>	<i>IE</i>	<i>PPRC Document number</i>	<i>NIE funding, USD</i>	<i>RIE funding, USD</i>	<i>MIE funding, USD</i>	<i>Decision</i>	<i>Funding set aside, USD</i>
MIE								
	Fiji, Samoa, Solomon Islands, Vanuatu	WMO	AFB/PPRC.30/38			13,959,881	Not endorse	-
Sub-total, USD				-	-	13,959,881		-
<i>8. Project Formulation Grants (PFG) Pre-concepts: Regional</i>	<i>Region/Countries</i>	<i>IE</i>	<i>PPRC Document number</i>	<i>NIE funding, USD</i>	<i>RIE funding, USD</i>	<i>MIE funding, USD</i>	<i>Decision</i>	<i>Funding set aside, USD</i>
MIE								
	Fiji, Samoa, Solomon Islands, Vanuatu	WMO	AFB/PPRC.30/38/Add.1			20,000	Not approve	0
Sub-total, USD				-	-	20,000		-
TOTAL (1+2+3+4+5+6+7+8)				65,519,619	19,844,000	131,153,766		31,750,855

9.Full Proposal: Enhanced Direct Access	Region/Countries	IE	PPRC Document number	NIE funding, USD	RIE funding, USD	MIE funding, USD	Decision	Funding set aside, USD
NIE								
	Rwanda	MoE	AFB/PPRC.30/40	4,998,812			Approve	4,998,812
Sub-total, USD				4,998,812	-	-		4,998,812
10. Concept: Enhanced Direct Access	Region/Countries	IE	PPRC Document number	NIE funding, USD	RIE funding, USD	MIE funding, USD	Decision	Funding set aside, USD
NIE								
	Peru	PROFONANPE	AFB/PPRC.30/41	5,000,000			Endorse	-
Sub-total, USD				5,000,000	-	-		-
TOTAL (9+10)				9,998,812	-	-		4,998,812
11. Full Proposals Single Country: Large Innovation Projects	Region/Countries	IE	PPRC Document number	NIE funding, USD	RIE funding, USD	MIE funding, USD	Decision	Funding set aside, USD
MIE								
	Viet Nam	IFAD	AFB/PPRC.30/43			5,000,000	Not approve	0
Sub-total, USD				-	-	5,000,000		-
12. Concepts Single Country: Large Innovation Projects	Region/Countries	IE	PPRC Document number	NIE funding, USD	RIE funding, USD	MIE funding, USD	Decision	Funding set aside, USD
NIE								
	Chile	AGCID	AFB/PPRC.30/44	5,000,000			Not endorse	-
MIE								
	Bhutan	WFP	AFB/PPRC.30/45			4,978,034	Endorse	-
Sub-total, USD				5,000,000	-	4,978,034		-

<i>13. Project Formulation Grants (PFG) Single Concept: Large Innovation Projects</i>	<i>Region/Countries</i>	<i>IE</i>	<i>PPRC Document number</i>	<i>NIE funding, USD</i>	<i>RIE funding, USD</i>	<i>MIE funding, USD</i>	<i>Decision</i>	<i>Funding set aside, USD</i>
NIE								
	Chile	AGCID	AFB/PPRC.30/44/Add.1	50,000			Not approve	0
Sub-total, USD				50,000	-	-		-
<i>14. Concepts Regional: Large Innovation Projects</i>	<i>Region/Countries</i>	<i>IE</i>	<i>PPRC Document number</i>	<i>NIE funding, USD</i>	<i>RIE funding, USD</i>	<i>MIE funding, USD</i>	<i>Decision</i>	<i>Funding set aside, USD</i>
MIE								
	Kenya, Uganda	UNIDO	AFB/PPRC.30/46			5,000,000	Endorse	-
Sub-total, USD				-	-	5,000,000		-
<i>15. Project Formulation Grants (PGF) Regional Concepts: Large Innovation Projects</i>	<i>Region/Countries</i>	<i>IE</i>	<i>PPRC Document number</i>	<i>NIE funding, USD</i>	<i>RIE funding, USD</i>	<i>MIE funding, USD</i>	<i>Decision</i>	<i>Funding set aside, USD</i>
MIE								
	Kenya, Uganda	UNIDO	AFB/PPRC.30/46/Add.1			30,000	Approve	30,000
Sub-total, USD				-	-	30,000		30,000
TOTAL (11+12+13+14+15)				5,050,000	-	15,008,034		30,000
<i>16. Innovation Small Grants</i>	<i>Country</i>	<i>IE</i>	<i>PPRC Document number</i>	<i>NIE funding, USD</i>	<i>RIE funding, USD</i>	<i>MIE funding, USD</i>	<i>Decision</i>	<i>Funding set aside, USD</i>
NIE								
	Chile (1)	AGCID	AFB/PPRC.30/48	247,200			Not approve	0
	Chile (2)	AGCID	AFB/PPRC.30/49	249,900			Not approve	0

Chile (3)	AGCID	AFB/PPRC.30/50	250,000	Not approve	0
Indonesia	Kemitraan	AFB/PPRC.30/51	250,000	Not approve	0
Senegal	CSE	AFB/PPRC.30/52	248,319	Not approve	0
Sub-total, USD			1,245,419	-	-
GRAND TOTAL (1+2+3+4+5+6+7+8+9+10+11+12+13+14+15+16)			81,813,849.59	19,844,000	146,161,800
					36,779,667

Annex II

Active pipeline as of 14 October 2022

Figure 4

Active pipeline of projects and programmes considered by the Board during the 12 months preceding 14 October 2021 but not yet approved by the Board.

(United States dollars)

The proposals with an * have been placed in the waitlist until funding is available under the MIE Cap.

<i>Full proposals: Single Country</i>	<i>Countries</i>	<i>Implementing Entity</i>	<i>Financing Requested (USD)</i>
NIE			
	Uganda (1)	MoWE	2,249,000
	Sri Lanka*	UN-Habitat	2,000,000
	Tanzania (United Republic of) (1)	NEMC	2,500,000
	Tanzania (United Republic of) (2)	NEMC	4,000,086
	Zimbabwe	EMA	4,989,000
MIE			
	Montenegro	IFAD	10,000,000
	Central African Republic	IFAD	10,000,000
Sub-total, USD			35,738,086

<i>Concepts: Single Country</i>	<i>Countries</i>	<i>Implementing Entity</i>	<i>Financing Requested (USD)</i>
NIE			
	Benin (1)	FNEC	2,934,545
	Benin (2)	FNEC	3,053,742
	Côte d'Ivoire	FIRCA	4,000,000
	Honduras	CASM	4,000,000
	Indonesia (1)	Kemitraan	999,714
	Indonesia (2)	Kemitraan	993,081
	Indonesia (3)	Kemitraan	996,633
	Indonesia (4)	Kemitraan	970,503
	Indonesia (5)	Kemitraan	960,225
	Indonesia (6)	Kemitraan	998,868
	Indonesia (7)	Kemitraan	998,738
	Indonesia (8)	Kemitraan	1,000,000
	Indonesia (9)	Kemitraan	977,939
	Indonesia (10)	Kemitraan	999,226
	Mexico (1)	IMTA	1,059,941
	Mexico (2)	IMTA	6,434,050
	Mexico (3)	IMTA	3,255,000
	Niger	BAGRI	10,000,000
	Peru	PROFONANPE	5,465,145
	Tuvalu	MoF	2,000,000
RIE			
	Argentina	CAF	10,000,000

	Fiji	SPC	5,764,000
	Papua New Guinea	SPC	9,908,461
MIE			
	Georgia	IFAD	9,846,766
	Guinea	WFP	10,000,000
	Lao People's Democratic Republic	UN-Habitat	7,323,750
	Libya	IFAD	9,997,156
	Maldives	UNESCO	10,000,000
	Mongolia	UN-Habitat	7,965,889
	Zambia	IFAD	10,000,000
	Cabo Verde	FAO	9,998,228
	Nicaragua	FAO	10,000,000
	Philippines	UNIDO	5,463,643
Sub-total, USD			168,365,243
<i>Full proposals: Regional</i>	<i>Countries</i>	<i>Implementing Entity</i>	<i>Financing Requested (USD)</i>
MIE			
	Antigua and Barbuda, Saint Lucia	UN-Habitat	13,996,500
	Côte d'Ivoire, Ghana	UN-Habitat	13,986,990
RIE			
	Belize, Guatemala, Honduras	CABEI	13,248,121
	India, Sri Lanka*	WFP	13,995,524
Sub-total, USD			55,227,135
<i>Concepts: Regional</i>	<i>Countries</i>	<i>Implementing Entity</i>	<i>Financing Requested (USD)</i>
RIE			
	Benin, Togo	OSS	14,000,000
	Guinea, Mali, Mauritania, Senegal	OSS	14,000,000
MIE			
	Botswana, Malawi, Mozambique, South Africa, Zambia, Zimbabwe	IFAD	13,932,000
	Cameroon, Central African Republic, Chad, Niger, Nigeria	WMO	10,620,000
Sub-total, USD			52,552,000
<i>Pre-concepts: Regional</i>	<i>Countries</i>	<i>Implementing Entity</i>	<i>Financing Requested (USD)</i>
MIE			
	Fiji, Samoa, Solomon Islands, Vanuatu	WMO	13,959,881
Sub-total, USD			13,959,881
GRAND TOTAL			325,842,345

Annex III

Proposed Amendment of Strategic Priorities, Policies, and Guidelines of the Adaptation Fund (SPPG)

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

Background

1. The Conference of the Parties decided by its decision 10/CP.7 to establish an adaptation fund (the Adaptation Fund) to finance concrete adaptation projects and programmes in developing country Parties that are Parties to the Kyoto Protocol, as well as activities identified in decision 5/CP.7, paragraph 8. The decision was further endorsed by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) through its decision 28/CMP.1.
2. In decision 5/CMP.2, Parties agreed on guiding principles and modalities. Parties further agreed in decision 1/CMP.3 that the Adaptation Fund Board shall be established as the operating entity of the Adaptation Fund.
 3. In decision 13/CMA.1, the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA) decided that the Adaptation Fund shall serve the Paris Agreement under the guidance of, and be accountable to, the CMA with respect to all matters relating to the Paris Agreement, effective 1 January 2019, subject to the decision on this matter made by the CMP. In decision 1/CMP.14, paragraph 2, the CMP decided that the Adaptation Fund shall exclusively serve the Paris Agreement and shall no longer serve the Kyoto Protocol once the share of proceeds under Article 6, paragraph 4, of the Paris Agreement becomes available.
 4. In decision 3/CMP.16, paragraph 6 and decision 13/CMA.3, paragraph 7, Parties confirmed that developing country Parties to the Paris Agreement particularly vulnerable to the adverse effects of climate change are eligible for funding from the Adaptation Fund.
3. This document sets out the strategic priorities, policies and guidelines for the Adaptation Fund, developed by the Adaptation Fund Board as requested by Parties in decision 1/CMP.3, paragraph 5 (a).
4. The strategic priorities, policies and guidelines set out in this document form the basis upon which the operational policies and guidelines shall be developed to enable eligible Parties to access resources from the Adaptation Fund.

Strategic priorities

5. In accordance with decision 1/CMP.3, paragraphs 1 and 2, and decision 3/CMP.16, paragraph 6 and decision 13/CMA.3, paragraph 7, the Adaptation Fund shall:
 - (a) Assist developing country Parties to the Kyoto Protocol or the Paris Agreement that are particularly vulnerable to the adverse effects of climate change in meeting the costs of adaptation;
 - (b) Finance concrete adaptation projects and programmes that are country driven and are based on the needs, views and priorities of eligible Parties.
6. In accordance with decision 5/CMP.2, paragraph 2 (c), projects and programmes funded under the Adaptation Fund should also take into account, inter alia, national sustainable development strategies, adaptation planning processes, poverty reduction strategies, national communications and national adaptation programmes of action (NAPAs) and other relevant instruments, as well as national adaptation plans (NAPs), nationally determined contributions (NDCs), adaptation communications, and other voluntary adaptation reports, where they exist.
7. In developing projects and programmes to be funded under the Adaptation Fund, eligible Parties should consider the guidance provided in decision 5/CP.7, paragraph 8, and, where necessary, further information

included in reports from the Intergovernmental Panel on Climate Change and the Adaptation Committee, and information generated under the Nairobi work programme on impacts, vulnerability and adaptation to climate change, the Cancun Adaptation Framework and where applicable, the Least Developed Countries Expert Group (LEG).

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

Strategic policies and guidelines

9. The operational principles and modalities that shall guide the provision of assistance by the Adaptation Fund to eligible Parties shall be consistent with decision 5/CMP.2, paragraphs 1 and 2.
10. Eligible Parties to receive funding from the Adaptation Fund are understood as developing country Parties to the Kyoto Protocol or the Paris Agreement that are particularly vulnerable to the adverse effects of climate change including low-lying and other small island countries, countries with low-lying coastal, arid and semi-arid areas or areas liable to floods, drought and desertification, and developing countries with fragile mountainous ecosystems.
11. Eligible Parties can submit project proposals directly to the Adaptation Fund Board and implementing ~~or~~ ~~executing~~ entities chosen by governments that are able to implement the projects funded under the Adaptation Fund can approach the Adaptation Fund Board directly.
12. Funding for projects and programmes will be on a full adaptation cost basis to address the adverse effects of climate change.
13. Funding for projects and programmes will be available for projects and programmes at national, regional and community levels.
14. Short and efficient project development and approval cycles and expedited processing of eligible activities shall be developed.
15. In assessing project and programme proposals, the Adaptation Fund Board shall give particular attention to:
 - (a) Consistency with national sustainable development strategies and adaptation planning processes, including, where appropriate, national adaptation plans (NAPs), nationally determined contributions (NDCs), adaptation communications, national development plans, poverty reduction strategies, national communications and national adaptation programmes of action (NAPAs) and other voluntary adaptation reports and relevant instruments, where they exist;
 - (b) Economic, social and environmental benefits from the projects and adaptation impact;
 - (c) Meeting national technical standards, where applicable;
 - (d) Cost-effectiveness of projects and programmes;
 - (e) Arrangements for management, including for financial and risk management;
 - (f) Arrangements for monitoring and evaluation and impact assessment;
 - (g) Avoiding duplication with other funding sources for adaptation for the same project activity;
 - (h) Moving towards a programmatic approach, where appropriate;
 - (i) Advancing gender equality and the empowerment of women and girls.
16. The decision on the allocation of resources of the Adaptation Fund among eligible Parties shall take into account:

- (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. The Adaptation Fund Board may wish to review elements of this strategic priority based on lessons learned.

Annex IV

Proposed Amendment of Operational Policies and Guidelines for Parties to Access Resources from the Adaptation Fund (OPG)

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
 - (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 on February 8, 2011.
8. In Decision 13/CMA.1, the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA) decided that the Adaptation Fund shall serve the Paris Agreement under the guidance of, and be accountable to, the CMA with respect to all matters relating to the Paris Agreement, effective 1 January 2019, subject to the decision on this matter made by the CMP. In Decision 1/CMP.14, paragraph 2, the CMP decided

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.

that the Adaptation Fund shall exclusively serve the Paris Agreement and shall no longer serve the Kyoto Protocol once the share of proceeds under Article 6, paragraph 4, of the Paris Agreement becomes available.

9. 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.

DEFINITIONS OF ADAPTATION PROJECTS AND PROGRAMMES

10. The Adaptation Fund established under Decision 10/CP.7 shall finance concrete adaptation projects and programmes.
11. 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 **and resilience** 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.
12. An adaptation programme is a process, a plan, or an approach for addressing climate change impacts that is broader than the scope of an individual project.

OPERATIONAL AND FINANCING PRIORITIES

13. 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 **and resilience** to respond to the impacts of climate change, including variability at local and national levels.
14. 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.
15. 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 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.
16. In developing projects and programmes to be funded under the Fund, eligible developing country Parties may wish to consider the guidance provided in Decision 5/CP.7. Parties may also consult information included in reports from the Intergovernmental Panel on Climate Change (IPCC) **and the Adaptation Committee**, and information generated under the Nairobi Work Programme (NWP) on Impacts, Vulnerability and Adaptation to Climate Change,⁷ **the Cancun Adaptation Framework, the Executive committee of the Warsaw International Mechanism for Loss and Damage (WIM ExCom) and, where applicable, Least Developed Countries Expert Group (LEG).**
17. 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;

⁶ Decision 5/CMP.2, paragraph 1 (d).

⁷ IPCC Assessment Reports, see <https://www.ipcc.ch/reports/> and for NWP, see <https://unfccc.int/topics/adaptation-and-resilience/workstreams/nairobi-work-programme-nwp/overview-of-the-nairobi-work-programme>.

- (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.

- 18. Resource allocation decisions will be guided by paragraphs 9 and 10 of the *Strategic Priorities, Policies and Guidelines of the Adaptation Fund*.
- 19. 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.

PROJECT/ PROGRAMME PROPOSAL REQUIREMENTS

- 20. 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*⁸ and using the relevant templates (templates attached as Annex 5⁹).

DESIGNATED AUTHORITY

- 21. 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.
- 22. 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 programmes proposed by the implementing entities, either national, regional, sub-regional, or multilateral.
- 23. 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.

FINANCING WINDOWS

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

ELIGIBILITY CRITERIA

Country Eligibility

- 25. The Fund shall finance concrete adaptation projects and programmes in developing country Parties to the Kyoto Protocol **or the Paris Agreement** that are particularly vulnerable to the adverse effects of climate change.

⁸ Available at <https://www.adaptation-fund.org/documents-publications/operational-policies-guidelines/>.

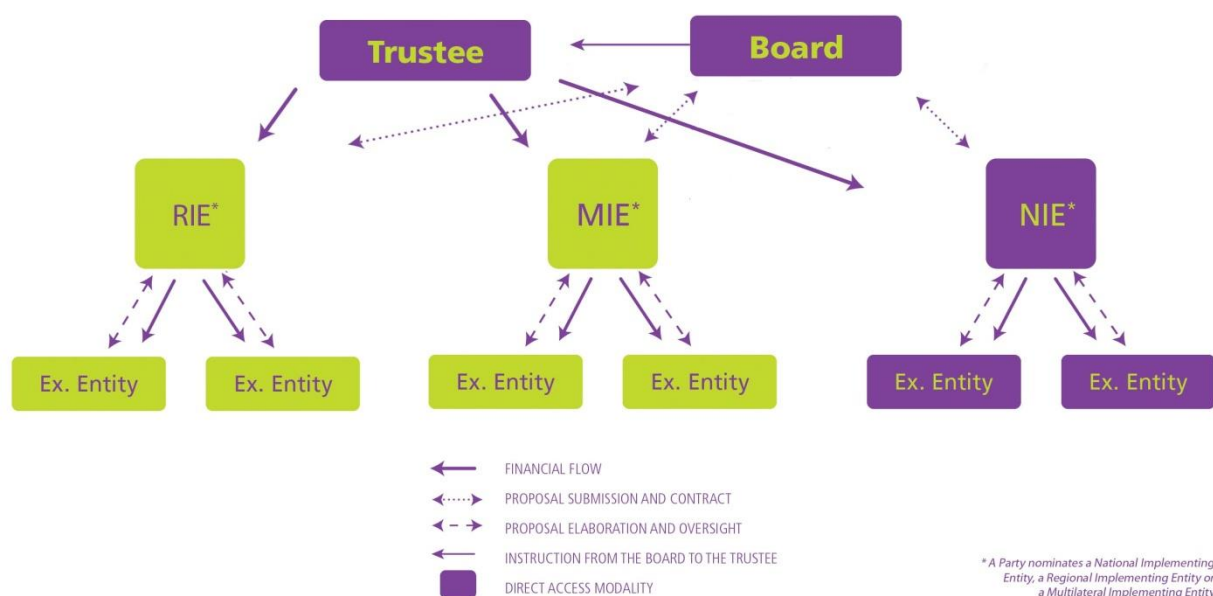
⁹ Available at <https://www.adaptation-fund.org/document/opg-annex-5/>

26. Paragraph 40 [12] of the *Strategic Priorities, Policies and Guidelines of the Adaptation Fund* provides the country eligibility criteria.
27. A cap in resource allocation per eligible host country, project and programme¹⁰ 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.

Implementing and Executing Entities

28. Eligible Parties who seek financial resources from the Adaptation Fund shall submit proposals directly through their nominated National Implementing Entity (NIE).¹¹ They may, if they so wish, use the services of Multilateral Implementing Entities (MIE) or Regional Implementing Entities (RIE). The implementing entities shall obtain an endorsement from the government through the Designated Authority referred to in paragraph 21 above. The options of submitting different projects/programmes through an NIE and through an RIE or an MIE are not mutually exclusive. The modalities for accessing resources of the Adaptation Fund are outlined in Figure 1.

FIGURE 1: MODALITIES FOR ACCESSING RESOURCES OF THE ADAPTATION FUND



29. National Implementing Entities (NIE) are those national legal entities nominated by Parties that are recognized by the Board as meeting the fiduciary standards and demonstrating ability to comply, as a minimum, with the environmental and social policy and the gender policy 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.
30. A group of Parties may also nominate regional entities as implementing entities (RIE), and thereby provisions of paragraph 29 will apply. In addition to the nomination of an NIE an eligible Party may also nominate a RIE and may submit project/programme proposals through an accredited RIE 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 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. Multilateral Implementing Entities (MIE) are those Multilateral Institutions and Regional Development Banks invited by the Board that meet the fiduciary standards and demonstrate commitment and ability to comply, as a

¹⁰ Decision B.36/41, available at <https://www.adaptation-fund.org/wp-content/uploads/2021/06/AFB.B.36.10-Report-of-the-thirty-sixth-meeting-of-AFB-4-1.pdf>.

¹¹ They may include *inter alia*, ministries, inter-ministerial commissions, government cooperation agencies.

minimum, with the environmental and social policy and the gender policy 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.

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

ACCREDITATION OF IMPLEMENTING ENTITIES

Fiduciary Standards

34. 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:

- (v) Procurement procedures which provide for transparent practices, including in competition;
- (vi) Capacity to undertake monitoring and evaluation;
- (vii) Ability to identify, develop and appraise project/programme;
- (viii) 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.

Environmental and Social Policy

35. All applicant implementing entities shall demonstrate commitment and ability to comply, as a minimum, with the most recent environmental and social policy approved by the Board (refer to Annex 3 for details) in any projects/programmes supported by the Fund. The environmental and social policy shall be applied throughout all the project/programme implementation phases, including design, execution, monitoring, and evaluation.

Gender Policy

36. All applicant implementing entities shall demonstrate commitment and ability to comply, as a minimum, with the most recent gender policy approved by the Board (refer to Annex 4 for details) in any projects/programmes supported by the Fund. The gender policy shall be applied throughout all the project/programme implementation phases, including design, execution, monitoring, and evaluation.

Accreditation Process

37. 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 four experts. The different steps for accreditation are as follows:
- (a) The Board will invite Parties¹² to each nominate up to two National Implementing Entities (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 and their commitment and ability to comply with the environmental and social policy and gender policy;
 - (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 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.¹³
 - (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.
38. In case a 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 their already accredited NIE, if any, or an accredited RIE or MIE, if they so wish, to submit project/programme proposals for funding. An applicant RIE or MIE that does not meet the criteria for accreditation may also resubmit its application after addressing the requirements of the Board.
39. Accreditation will be valid for a period of 5 (five) 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.¹⁴
40. The Board reserves the right to review or evaluate the performance of implementing entities at any time during an implementing entity's accreditation period. A minimum notification of 3 (three) 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.
41. If there is any allegation or evidence of misuse of funds, the implementing entity will investigate the alleged misuse using its own internal investigators or hire investigator(s) acceptable to the Board. All investigations would be consistent with the general principles and guidelines for investigation based on the International Financial Institutions Principles and Guidelines for Investigation.¹⁵

¹² The Designated Authority referred to in paragraph 21 above shall endorse the application for accreditation on behalf of the Party.

¹³ 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.

¹⁴ Re-accreditation process (approved in Oct.2013; amended in Oct. 2019), available at <https://www.adaptation-fund.org/document/re-accreditation-process/>.

¹⁵ https://oios.un.org/sites/oios.un.org/files/general/investigations_manual.pdf.

42. The Board may consider suspending or cancelling the accreditation of an implementing entity for reasons that include, but are not limited to:
 - (a) Misrepresentation or intentional provision of false information to the Board;
 - (b) Substantive changes of the implementing entity's fiduciary standards and/or capacity and/or commitment to comply with the environmental and social policy and gender policy as determined by a review in accordance with paragraph 40 above; or
 - (c) Misuse of project/programme resources as determined by the Ethics and Finance Committee (EFC) or by the implementing entity's investigative function.
43. A decision to suspend or cancel the accreditation of an implementing entity may be made at the recommendation by the EFC following a review by the Accreditation Panel in accordance with paragraph 40. A decision to suspend includes the necessary corrective actions for achieving compliance by a certain date and identifying the relevant fiduciary standards and/or environmental and social policy and/or gender policy requirements, which is reviewed by the Accreditation Panel and the EFC as appropriate. The Board makes the final decision on the removal of suspension for the implementing entity to resume its accreditation status. Before the Board makes its final decision on whether to suspend or cancel the accreditation of an implementing entity, the implementing entity concerned is given a fair chance to present its views to the Board.
44. Each existing implementing entity will be subject to the most recent Operational Policies and Guidelines during any re accreditation process.

PROJECT/PROGRAMME CYCLE

45. The project/programme cycle of the Adaptation Fund for any project or programme 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 21 above shall endorse the proposal submission. The submission is followed by an initial screening, project/programme review and approval.¹⁶

Review and Approval of Concrete Adaptation Projects and Programmes

46. Both small-size and regular proposals may undergo either a one-step¹⁷ 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/document¹⁸. Funding will only be reserved for a project/programme after the approval of a fully-developed project document in the second step.
47. 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 (templates attached as Annex 5). 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, in addition to which there will be opportunities to submit proposals for intersessional consideration. Project/programme proposals shall be submitted at least 9 (nine) weeks before each regular Board meeting in order to be considered by the Board at its next regular meeting.
 - (i) Intersessional project/programme review cycle takes place during an intersessional period of 24 (twenty-four) weeks or more between two consecutive regular Board meetings. For intersessional approval, the Board will consider first submissions of fully-developed project/programme documents for which the concepts had already been considered in regular meetings of the PPRC and subsequently endorsed by the Board; and resubmissions of project/programme concepts and resubmissions of fully-

¹⁶ The Designated Authority referred to in paragraph 21 above shall endorse the proposal submission.

¹⁷ 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.

¹⁸ 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.

developed project/programme documents. For the intersessional period, the cutoff date for implementing entities to submit project/programme proposals for review and decision by the Board shall be made available on the Adaptation Fund website.

- (b) The Secretariat shall make the calendar of upcoming regular and intersessional review cycles available on the Adaptation Fund website.¹⁹
 - (c) The Secretariat will screen all proposals for consistency and provide a technical review based on the criteria approved by the Board (Annex 5). 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.
 - (d) For project/programme proposals submitted for consideration at regular Board meetings, the Secretariat will send all project/programme proposals with technical reviews to the PPRC at least 7 (seven) days before the meeting. The PPRC will review the proposals and give its recommendation to the Board for a decision at the meeting.
 - (e) For all projects/programmes, 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.
48. Proponents with endorsed concepts are expected to submit a fully developed proposal at subsequent Board meetings for approval and funding, following the steps described in paragraph 47 above.
49. All proposals approved for funding by the Board will be posted on the Adaptation Fund website.²⁰ Upon the decision, the Secretariat will notify the proponent of the Board decision in writing.

Review and Approval of Project/Programme Formulation Grants

- 50. 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.
- 51. Small-size project/programme proposals are eligible for PFG, at the time of endorsement of the concept for such proposal, provided that the total budget of the proposed concept is not less than US\$ 500,000.
- 52. Only activities related to country costs are eligible for funding through a PFG.
- 53. The project/programme proponent shall return any unused funds to the Trust Fund through the trustee.
- 54. The project/programme proponent shall submit a fully developed project/programme document within 12 (twelve) 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.

Review and Approval of Project/Programme Grants under the Readiness Programme

~~Project/Programme Formulation Assistance Grants~~

- ~~54. The Project Formulation Assistance (PFA) Grant complements the Project Formulation Grant (PFG) and supports the undertaking of specialist technical assessments during project preparation and design. NIE project/programme proponents are eligible to submit a request for a PFA Grant together with a project/programme concept, using the PFA Grant form approved by the Board. The secretariat will review the request and forward it to the PPRC for a final recommendation to the Board.~~

¹⁹ <https://www.adaptation-fund.org/apply-funding/project-funding/>.

²⁰ <https://www.adaptation-fund.org/projects-programmes/>.

- ~~55. PFA Grants are only available for projects submitted through accredited NIEs for projects going through the two-step project approval process. A PFA Grant can only be awarded when a project/programme concept is presented and endorsed by the Board.~~
- ~~56. Small size project/programme proposals are eligible for the PFA Grant, at the time of endorsement of the concept for such proposal, provided that the total budget of the proposed concept is not less than US\$ 500,000.~~
- ~~57. The project/programme proponent shall return any unused funds to the Trust Fund through the trustee.~~
- ~~58. The project/programme proponent shall submit a fully developed project/programme document within 12 (twelve) months of the disbursement of the PFA Grant. No PFA Grant for other projects/programmes can be awarded until the fully developed project/programme document has been submitted.~~

Readiness Grants for Technical Assistance and ~~South-South Cooperation~~ Readiness Package Grant

59. Accredited NIEs are eligible to submit a request for a Technical Assistance Grant for the Environmental and Social Policy and Gender Policy and for the ~~South-South Cooperation~~ Readiness Package Grant. Funding will only be reserved for a readiness grant after the approval of a grant proposal/project document.
60. The project cycle steps for the readiness grants are as follows:
- (a) The implementing entity submits a project proposal document based on a template approved by the Board. The project document will include a proposed project timeframe, activities, and the budget requested. The timetable for the submission and review of proposals will be synchronized with the meetings of the Board as much as possible, and project proposals may be reviewed for intersessional approval by the Board or for approval at regular meetings of the Board. A call for project proposals specifying the application deadline shall be launched by the secretariat for each financial year that the Board approves readiness grants. The secretariat shall make the call for project proposals available on the Adaptation Fund website.
 - (b) The secretariat will screen all proposals for consistency and provide a technical review based on the criteria approved by the Board (Annex 5²¹). It will then forward the proposals and the technical reviews to the PPRC for review. The secretariat will forward comments on the project proposals and request 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 proposals with technical reviews to the PPRC at least 7 (seven) days before the Board meeting. The secretariat may also send project proposals with technical reviews to the PPRC intersessionally between regular Board meetings. The PPRC will review the proposals and give its recommendation to the Board for a decision at the regular Board meeting or intersessionally. 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 NIE. Rejected proposals cannot be resubmitted.
61. 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.

Transfer of funds

62. 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.
63. 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.
64. 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.

²¹ Available at <https://www.adaptation-fund.org/document/opg-annex-5/>.

65. 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.
66. Additionally, for projects and grants approved under the Readiness Programme, the Board may instruct the Trustee to transfer funds in a single tranche. The decision by the Board may consider the duration of the project, the size of the project budget, and the disbursement schedule with time bound milestones that would have been submitted with the project proposal.
67. If an implementing entity does not sign the standard legal agreement within 4 (four) 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.

Monitoring, Evaluation and Review

68. 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*²², to support the *Strategic Priorities, Policies, and Guidelines of the Adaptation Fund*. The EFC, with support of the Secretariat, will monitor the Fund portfolio of projects and programmes, and the PPRC, with support of the Secretariat, will address issues identified in the implementation of individual projects and programmes.
69. 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 concrete projects and programmes under implementation submit annual status reports to the secretariat and that projects approved under the Readiness Programme submit bi-annual status reports to the secretariat. The EFC with the support of the Secretariat shall provide an annual report to the Board on the overall status of the portfolio of projects/programmes and progress towards results.
70. All regular size concrete projects and programmes that complete implementation will be subject to terminal evaluation by an independent evaluator selected by the implementing entity. All small size concrete projects and programmes, as well as readiness grant projects, shall be subject to terminal evaluation if deemed appropriate by the Board and shall follow an evaluation process as decided by the Board using templates approved by the Board. Terminal evaluation reports will be submitted to the Board as stipulated in the project agreement.
71. The Board requires that all concrete 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.
72. The Board reserves the right to carry out independent reviews, evaluations of all 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.
73. The Board has approved *Guidelines for project/programme final evaluations*.²³ 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.
74. If the Board becomes aware of any allegation or evidence of misuse of funds, it will notify the implementing entity of such allegation or evidence so that the implementing entity can handle in accordance with paragraph 41 above.

²² Available at <https://www.adaptation-fund.org/document/strategic-results-framework-of-the-adaptation-fund-amended-in-march-2019/>. For Results Tracker Guidance document, see https://www.adaptation-fund.org/wp-content/uploads/2019/10/Results-Tracker-Guidance-Documents-Updated_July-2019.pdf.

²³ <https://www.adaptation-fund.org/document/guidelines-for-projectprogramme-final-evaluations/>.

75. The implementing entity will provide regular updates to the Board on any investigation and a final report on the conclusions of the investigation as well as provide regular up-dates on actions taken to address any illegal or corrupt practice involving the Fund's funds.
76. The Fund's project cycle will be reviewed on an on-going basis and as deemed necessary by the Board.

Procurement

77. 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 all projects/programmes funded by the Fund.
78. Concrete project/programme proposals submitted to the Board shall contain adequate and effective means to punish and prevent malpractices. The implementing entities should promptly inform the Board of any instances of such malpractices.

Project/Programme Suspensions and Cancellations

79. 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 of the legal agreement, and poor implementation performance leading to a conclusion that the project/programme can no longer meet its objectives.
80. 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.
81. 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.
82. The Secretariat will report to the Board on an annual basis on all approved projects and programmes that were suspended or cancelled during the preceding year.

Reservations

83. 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 or found to be in material breach of the legal agreement. The implementing entity and the DA shall be given a fair chance to consult and present its point of view before the Board.

Dispute Settlement

84. 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.
85. 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.

Administrative costs

86. Every project/programme proposal submitted to the Board shall state the management fee requested by the Implementing Entity if any and 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.²⁴
87. Every project/programme proposal submitted to the Board shall include an explanation and a breakdown of all administrative costs associated with the project/programme, including the execution costs, if any.

Where to send a Request for Funding

88. All requests shall be sent to:

Adaptation Fund Board Secretariat
Tel: +1 202 473 0508
Fax: +1 202 522 3240/5
Email: afbsec@adaptation-fund.org

89. 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. The Secretariat will provide facilities that will enable interested stakeholders to publicly submit comments about proposals.

Review of the Operational Policies and Guidelines

90. The Board shall keep these operational policies and guidelines under review and will amend them as deemed necessary.
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²⁴ For IE management fee and execution cost, see [Document AFB/PPRC.29/43](#), paragraph 10, Table 1 and [Decision B.38/42](#). [AFB Decision B.38/42](#).