



ADAPTATION FUND

AFB/PPRC. 9/3/Rev.1
19 June 2012

Adaptation Fund Board
Project and Programme Review Committee
Ninth Meeting
Bonn, 26-27 June 2012

**REPORT OF THE SECRETARIAT ON INITIAL
SCREENING/TECHNICAL REVIEW
OF PROJECT AND PROGRAMME PROPOSALS**

I. BACKGROUND

1. This document presents to the Project and Programme Review Committee (PPRC) an overview of the project/programme proposals submitted by implementing entities (IE) to the current meeting, and the process of screening and technical review undertaken by the secretariat.
2. The analysis of the proposals mentioned above is contained in a separate addendum to this document.

II. PROJECT/PROGRAMME PROPOSALS SUBMITTED BY IMPLEMENTING ENTITIES

3. Accredited Implementing Entities submitted 22 proposals to the secretariat, with the total requested funding amounting to US\$144,521,697. Among the proposals were 4 project concepts, with the total requested funding of US\$24,678,689 and 18 fully developed proposals, with the total request of US\$119,843,008. During the technical review carried out by the secretariat, four of the proposals, including one concept and three fully-developed proposals were withdrawn by their proponents, and after the initial review the budget requests of others were altered. The final total budgets requested of the 18 remaining proposals amounted to US\$119,794,381, including US\$19,718,689 for the 3 concepts, and US\$100,075,692 for the 15 fully developed proposals. The proposals included US\$9,285,575 or 8.4%¹ in implementing entities management fees and US\$9,294,713 or 8.4%² in execution costs.

4. The NIE for Argentina, *Unidad para el Cambio Rural* (UCAR), submitted a project concept, and the NIE for Jamaica, Planning Institute of Jamaica (PIOJ), submitted a fully-developed programme document. The United Nations Development Programme (UNDP) submitted ten fully-developed project documents, out of which 3 were withdrawn following initial review comments. The remaining 7 are for Colombia, Djibouti, El Salvador, Fiji, Ghana, Mali and Seychelles. The United Nations World Food Programme (WFP) submitted three fully-developed proposals, for Egypt, Mauritania and Sri Lanka. The United Nations Environment Programme (UNEP) submitted a fully-developed project proposal for Cambodia, and a project concept for Paraguay. The International Fund for Agricultural Development (IFAD) submitted two proposals, of which one was withdrawn; the remaining proposal is a fully-developed project document for Lebanon. The World Bank (WB) submitted a fully-developed project document for Argentina, the World Meteorological Organization (WMO) a fully-developed project document for Mauritania and the Inter-American Development Bank (IDB) a project concept for Peru. For two countries, Argentina and Mauritania, there were two proposals each. Details of the proposals are contained in the separate PPRC documents, as follows:

Concepts:

Proposal from NIE:

AFB/PPRC.9/4 *Proposal for Argentina (UCAR)*;

AFB/PPRC.9/4/Add.1 *Project Formulation Grant for Argentina (UCAR)*

¹ The implementing entity management fee percentage is calculated compared to the project budget including the project activities and the execution costs, before the management fee.

² The execution costs percentage is calculated as a percentage of the project budget, including the project activities and the execution costs, before the implementing entity management fee.

Proposals from MIEs:

AFB/PPRC.9/5 Proposal for Paraguay;

AFB/PPRC.9/6 Proposal for Peru;

Fully-developed proposals:

Proposal from NIE:

AFB/PPRC.9/7 Proposal for Jamaica;

Proposals from MIEs:

AFB/PPRC.9/8 Proposal for Argentina (World Bank);

AFB/PPRC.9/9 Proposal for Cambodia;

AFB/PPRC.9/10 Proposal for Colombia;

AFB/PPRC.9/11 Proposal for Djibouti;

AFB/PPRC.9/12 Proposal for Egypt;

AFB/PPRC.9/13 Proposal for El Salvador;

AFB/PPRC.9/14 Proposal for Fiji;

AFB/PPRC.9/15 Proposal for Ghana;

AFB/PPRC.9/16 Proposal for Lebanon;

AFB/PPRC.9/17 Proposal for Mali;

AFB/PPRC.9/18/Rev.1 Proposal for Mauritania (WFP);

AFB/PPRC.9/19 Proposal for Mauritania (WMO);

AFB/PPRC.9/20 Proposal for Seychelles;

AFB/PPRC.9/21 Proposal for Sri Lanka.

5. All of the 18 submissions are proposals for regular projects and programmes, i.e. they request funding exceeding US\$1,000,000.

6. The funding requests for the three concept proposals total US\$ 19,718,689 and range from US\$ 5,640,000 for the UCAR proposal for Argentina to US\$ 7,128,450 for Paraguay, with an average of US\$6,572,896, including management fees charged by the implementing entities.

7. The funding requests for the 15 fully-developed project proposals total US\$100,075,692, ranging from US\$ 2,159,980 for the WMO Mauritania proposal to US\$ 9,965,000 for the Jamaica proposal, with an average of US\$6,671,713, including management fees charged by the implementing entities. All proposals propose no more than an 8.5% management fee and are thus in compliance with the Board Decision B.11/16 to cap management fees at 8.5%. In accordance with the same Decision B.11/16, all proponents of fully-developed project documents provide a budget on fee use.

8. All proposals are in compliance with the Board Decision B.13/17 to cap project budget for execution costs at 9.5%. The execution costs in the fully-developed project documents submitted to this meeting total US\$ 7,718,963 and range from 4.5% proposed by PIOJ for the Jamaica programme, to 9.5% proposed by UNDP and IFAD for the Djibouti and Lebanon projects, respectively.

9. All the fully-developed project documents provide an explanation and a breakdown of their execution costs and other administrative costs, and are in compliance with the following Board decision made in the 12th meeting:

(b) To request to the implementing entities that the project document included an explanation and a breakdown of all administrative costs associated with the project, including the execution costs.

(Decision B.12/7)

10. The funding proposed to countries in all current proposals is, considering possible other already approved or currently proposed funding for the same countries, below the country cap of US \$10 million decided on a temporary basis as per Decision B.13/23.

Table 1: Project proposals submitted to the 18th Adaptation Fund Board meeting

Country	IE	Financing Requested (USD)	IE Fee, USD	IE Fee, %	Execution Cost (EC), USD	EC, %
Concepts						
Argentina	UCAR	\$5,640,000	\$440,000	8.46%	\$450,000	8.65%
Paraguay	UNEP	\$7,128,450	\$558,450	8.50%	\$570,000	8.68%
Peru	IDB	\$6,950,239	\$544,489	8.50%	\$555,750	8.68%
Total concepts		\$19,718,689	\$1,542,939	8.49%	\$1,575,750	8.67%
Full proposals						
Jamaica	PIOJ	\$9,965,000	\$780,000	8.49%	\$415,000	4.52%
Argentina	WB	\$4,296,817	\$336,617	8.50%	\$342,600	8.65%
Cambodia	UNEP	\$4,954,273	\$388,123	8.50%	\$396,150	8.68%
Colombia	UNDP	\$8,518,307	\$667,333	8.50%	\$677,640	8.63%
Djibouti	UNDP	\$4,658,556	\$364,956	8.50%	\$407,800	9.50%
Egypt	WFP	\$6,904,318	\$511,431	8.00%	\$554,634	8.68%
El Salvador	UNDP	\$5,425,000	\$425,000	8.50%	\$335,500	6.71%
Fiji	UNDP	\$5,728,800	\$448,800	8.50%	\$499,000	9.45%

Ghana	UNDP	\$8,850,000	\$693,318	8.50%	\$707,657	8.68%
Lebanon	IFAD	\$7,860,825	\$615,825	8.50%	\$688,200	9.50%
Mali	UNDP	\$8,533,348	\$668,511	8.50%	\$682,337	8.68%
Mauritania	WFP	\$7,803,605	\$578,044	8.00%	\$684,335	9.47%
Mauritania	WMO	\$2,159,980	\$169,216	8.50%	\$187,750	9.43%
Seychelles	UNDP	\$6,455,750	\$505,750	8.50%	\$450,000	7.56%
Sri Lanka	WFP	\$7,961,113	\$589,712	8.00%	\$690,360	9.37%
Total full proposals		\$100,075,692	\$7,742,636	8.39%	\$7,718,963	8.36%
Total all proposals		\$119,794,381	\$9,285,575	8.40%	\$9,294,713	8.41%

11. The secretariat has compared the funding requests for projects submitted by MIEs to the available funds in the Adaptation Fund Trust Fund. This is pursuant to the following Board decisions made in the 12th and the 17th meetings:

(a) That the cumulative budget allocation for funding projects submitted by MIEs, should not exceed 50 per cent of the total funds available for funding decisions in the Adaptation Fund Trust Fund at the start of each session. That cumulative allocation would be subject to review by the Board on the recommendation of the Project and Programme Review Committee at subsequent sessions;

(b) To request the Trustee to provide an update on the amount of funds that have been approved for projects implemented by NIEs and MIEs at each meeting of the Adaptation Fund Board; and

(c) To review the implementation of this decision at the fourteenth meeting of the Adaptation Fund Board.

(Decision B.12/9)

(a) Maintain the 50 per cent cap on the funding of project/programmes implemented by MIEs established by decision B.12/9, and exclude project/programme concepts from the 50 per cent calculation;

(b) Establish a pipeline of fully developed projects/programmes that have been recommended by the PPRC for approval by the Board, but exceeding the 50 per cent cap;

(c) Prioritize the projects/programmes in the pipeline by sequentially applying the following criteria:

(i) Their date of recommendation by the PPRC;

(ii) Their submission date; and

(iii) The lower "net" cost.

(d) Consider fully developed projects/programmes in the pipeline for approval, subject to availability of resources and respecting the 50 per cent cap; and

(e) Request that the EFC consider at its 9th meeting the suspension of project/programme submissions as the last measure and elaborate on a clear threshold that indicates when the measure should be applied (e.g. 60 per cent excess of the cap).

(Decision B.17/19)

12. According to the report prepared by the Trustee for the 18th Board meeting (AFB/EFC.9/8), the cumulative funding decisions for projects submitted by MIEs as of March 31, 2012 amounted to US\$97.14 million, and the cumulative funding decisions for all projects amounted to US\$115.82 million. According to updated information provided by the Trustee, funds available to support AF Board funding decisions as of May 31, 2012 amounted to US\$165.50 million. Therefore, the

cumulative funding decisions for projects submitted by MIEs represented 34.5% of the sum of cumulative project funding decisions and funds available to support funding decisions or, US\$281.32 million. If the Board decided to fund all the fully-developed proposals submitted by MIEs to the current meeting (US\$100.07 million), the cumulative budget allocation for projects submitted by MIEs would amount to US\$197.21 million, which would represent 70.1% of the sum of cumulative project funding decisions and funds available to support funding decisions, which is above the limit of 50.0% set by the Board in the above decision.

13. The funding request of the NIE proposal, the fully-developed programme document submitted by PIOJ for Jamaica, is US\$9,965,000, including an 8.5% management fee. The Project Formulation Grant (PFG) Request from UCAR, submitted together with the project concept and included as an addendum to the project concept (AFB/PPRC.9/4) is US\$30,000, which is in accordance with the Board Decision B.12/28. The cumulative budget allocation for projects submitted by NIEs represents 6.6% (US\$18,676,678) of the sum of cumulative project funding decisions and funds available to support funding decisions. If the one fully-developed NIE project proposal and the one Project Formulation Grant currently submitted would be approved, the figure would rise to 10.2% (US\$ 28,671,678).

14. In accordance with the operational policies and guidelines, the secretariat screened and prepared technical reviews of the 18 project and programme proposals submitted during the reporting period and not withdrawn. In performing this review task, the dedicated team of officials of the secretariat was supported by several members of the GEF secretariat technical staff.

15. As per Board request at its 10th meeting, the secretariat shared the initial technical review findings with the implementing entities that had submitted the proposals and solicited for their responses to specific items requiring clarification. Responses were requested by e-mail, and the time allowed for the implementing entities to respond was one week. In some cases though, the process took longer. The implementing entities were offered the opportunity to discuss the initial review findings with the secretariat on the phone.

16. The secretariat subsequently reviewed the Implementing Entities' responses to the clarification requests, and compiled comments that are presented in the final review sheets included in the meeting document for each proposal, and recommendations that are presented in the addendum to this document (AFB/PPRC.8/5/Add.1).

III. ISSUES IDENTIFIED DURING THE REVIEW PROCESS

17. There were no particular issues identified during this review process.