



ADAPTATION FUND

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Adaptation Fund Board  
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Agenda Item 7.a)

**DRAFT PROVISIONAL OPERATIONAL POLICIES AND  
GUIDELINES FOR PARTIES TO ACCESS RESOURCES  
FROM THE ADAPTATION FUND**

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## 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.”<sup>1</sup> 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).<sup>2</sup>
3. In Montreal, Canada in November 2005<sup>3</sup> and Nairobi, Kenya in December 2006,<sup>4</sup> the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP), decided on specific approaches, principles and modalities to be applied for the operationalization of the Fund.
4. 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.<sup>5</sup> Parties invited the Global Environment Facility to provide secretariat services to the Adaptation Fund 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*.

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<sup>1</sup> See FCCC/KP/Kyoto Protocol.

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

<sup>3</sup> 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.

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

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

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 discharge of its functions with regard to direct access by eligible Parties.

8. This document (hereafter “the operational policies and guidelines”), in response to these decisions of the CMP, proposes operational policies and guidelines for eligible developing country Parties to access resources from the Fund. The operational policies and guidelines are expected to evolve further based on the experience acquired through the operationalization of the Fund and subsequent decisions of the Board and reflecting future guidance from the Parties.

## **DEFINITIONS OF ADAPTATION PROJECTS AND PROGRAMMES**

9. The Adaptation Fund established under decision 10/CP.7 shall finance concrete adaptation projects and programmes.

10. A concrete adaptation project is defined as a set of activities aimed at addressing the adverse impacts of and risks posed by climate change. Adaptation projects can be implemented at the community, national and transboundary level. Projects concern discrete activities with a collective objective(s) and concrete outcomes and outputs that are more narrowly defined in scope, space and time.

11. An adaptation programme is a process, a plan or an approach for addressing climate change impacts which goes broader than the scope of an individual project. [The Board will provide further guidance on the adaptation programmes, its aims and objectives in the future on the basis of lessons learned.]

## **OPERATIONAL AND FINANCING PRIORITIES**

12. The overall goal of all adaptation projects and programmes financed under the Fund will be to support concrete adaptation activities that reduce adverse impacts of and risks posed by climate change facing communities, countries, and sectors. *The Fund will not finance business-as-usual projects that do not implement concrete actions to adapt and or reduce the adverse impacts of climate change.*

13. Provision of funding under the Adaptation Fund will be based on, and in accordance with, the *Strategic Priorities, Policies and Guidelines of the Adaptation Fund* adopted by the CMP, attached as Annex 1.

14. Funding will be provided on full adaptation cost basis of projects and programmes to address the adverse effects of climate change.<sup>6</sup> Full cost of adaptation means the costs of concrete adaptation activities to be implemented to adapt to and or address the adverse impacts of, and risks posed by, climate change. [The Board will provide further guidance on full costs of adaptation in the future on the basis of lessons learnt] [In order to determine the full costs of adaptation, the Board shall apply the sliding scale contained in the Attachment to these operational policies and guidelines].

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<sup>6</sup> Decision 5/CMP.2, paragraph 1 (d).

15. In developing projects and programmes to be funded under the Fund, eligible Parties may wish to consider the guidance provided in 5/CP.7. Parties may also consult information included in reports from the Intergovernmental Panel on Climate Change (IPCC) and information generated under the Nairobi Work Programme (NWP) on Impacts, Vulnerability and Adaptation to Climate Change.<sup>7</sup>

16. Decisions on the allocation of resources of the Fund shall take into account the criteria outlined in the *Strategic Priorities, Policies and Guidelines of the Adaptation Fund*, adopted by the CMP, specifically:

- (a) level of vulnerability;
- (b) level of adverse impacts
- (c) level of urgency and risks arising from delay;
- (d) ensuring access to the Fund in a balanced and equitable manner;
- (e) lessons learned in project and programme design and implementation to be captured;
- (f) securing co-benefits to the extent possible, where applicable;
- (g) maximizing multi-sectoral or cross-sectoral benefits, where applicable; and
- (h) adaptive capacity to adverse effects of climate change.

17. Resource allocation decisions will be guided by the paragraphs 8 and 10 of the *Strategic Priorities, Policies and Guidelines of the Adaptation Fund*.

18. The Board will review its procedures for allocating resources of the Fund among eligible Parties at least every three years, and/or as instructed by the CMP,.

#### **PROJECT/ PROGRAMME PROPOSAL REQUIREMENTS**

19. To access Fund resources, a project [/programme] will have to be in compliance with the eligibility criteria contained in paragraph 15 of the *Strategic Priorities, Policies and Guidelines of the Adaptation Fund* and using the relevant templates (Annex 3).

#### **[FINANCING WINDOWS**

20. Parties may undertake adaptation activities under the following categories:

- (a) Small-size projects (proposals requesting up to \$[5] [1] million);

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<sup>7</sup> IPCC Assessment Report 4, see <http://www.ipcc.ch/ipccreports/assessments-reports.htm> and NWP see [http://unfccc.int/adaptation/sbsta\\_agenda\\_item\\_adaptation/items/3633.php](http://unfccc.int/adaptation/sbsta_agenda_item_adaptation/items/3633.php).

- (b) Regular projects (proposals requesting over \$[5] [1] million); and
- (c) Programmes embodying a medium to long-term approach.

21. These operational guidelines cover only small-size projects and regular projects with the understanding that the Board will develop definitions, procedures, and guidelines for programmes in the future. ]

## **ELIGIBILITY CRITERIA**

### **Country Eligibility**

22. The Fund shall finance concrete adaptation projects and programmes in developing country Parties to the Kyoto Protocol that are particularly vulnerable to the adverse effects of climate change.

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

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

### **Implementing and Executing Entities**

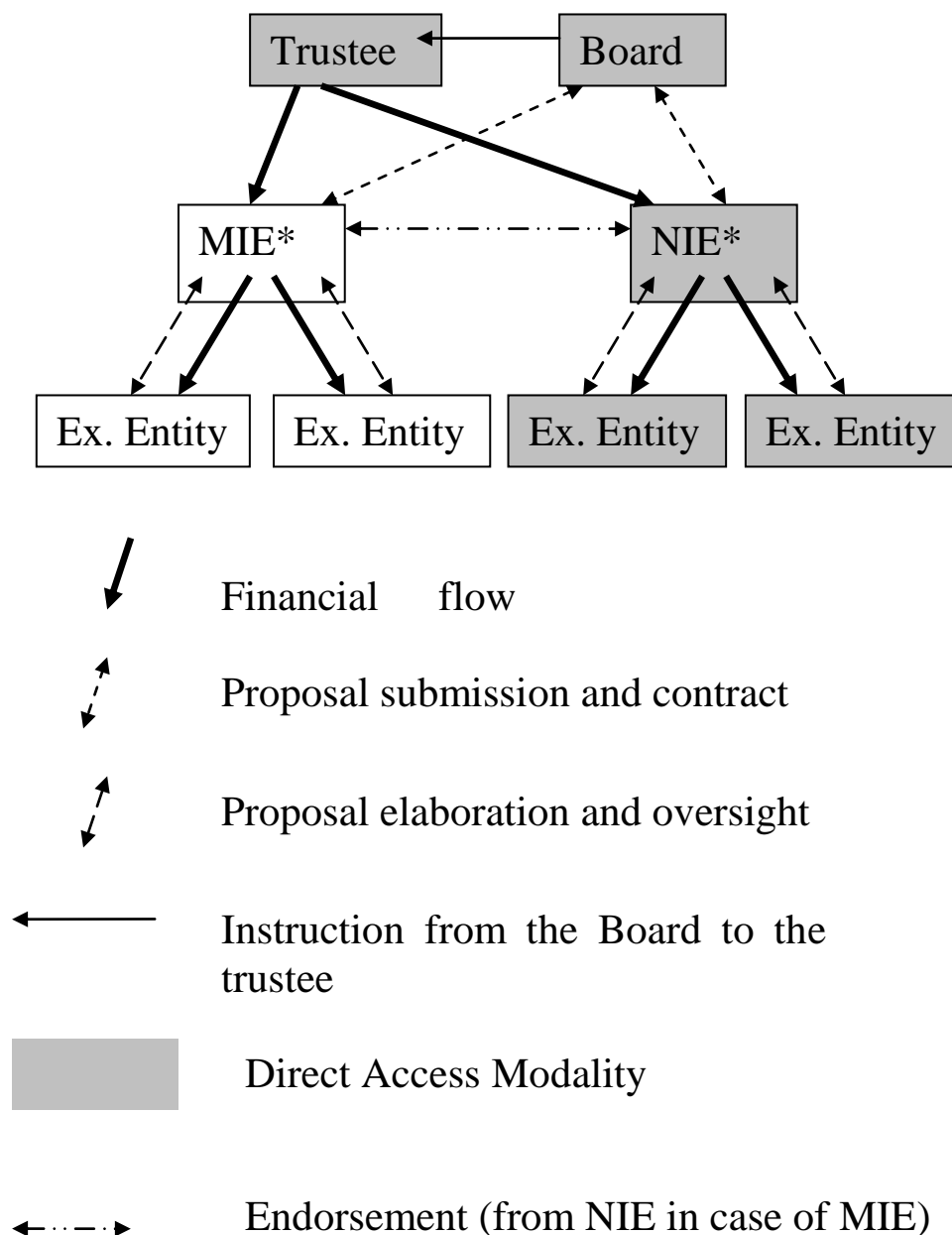
25. Parties can submit proposals for concrete adaptation projects and programmes directly to the Board for funding.

26. Eligible Parties who seek financial resources from the Adaptation Fund shall submit proposals directly through their nominated National Implementing Entity (NIE)<sup>8</sup>. They may, if they so wish, use the services of Multilateral Implementing Entities (MIE). The modalities for accessing resources of the Adaptation Fund are outlined in Figure 1.

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

**Figure 1: Modalities for Accessing Resources of the Adaptation Fund**



\* A Party nominates a National Implementing Entity. May also nominate a Multilateral entity

27. National Implementing Entities (NIE) are those national legal entities nominated by Parties that are recognized by the Board as meeting the fiduciary standards established by the Board. The NIEs will bear the full responsibility for the overall management of the projects and programmes financed by the Adaptation Fund, and will bear all financial, monitoring and reporting responsibilities.

28. [Parties may also nominate regional and sub-regional entities as implementing entities, and thereby provisions of paragraph 27 will apply.]

29. Multilateral Implementing Entities (MIE) are those Multilateral Institutions and Regional Banks that meet the fiduciary standards provided by the Board. The MIEs, chosen by Eligible Parties to submit proposals to the Board, will bear the full responsibility for the overall management of the projects and programmes financed by the Adaptation Fund, and will bear all financial, monitoring and reporting responsibilities.

30. In the case of regional (i.e., multi-country) projects and programmes, the proposal submitted to the Board should be endorsed by the focal points of all the participating Parties.

31. 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**

32. Among principles established for the Adaptation Fund (Decision 5/CMP.2) is “sound financial management, including the use of international fiduciary standards.” At its 7<sup>th</sup> 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) The ability to accurately and regularly recorded transactions and balances to an appropriate standard as attested to by an independent external audit firm or organization;
  - (ii) The ability to safeguard, manage and disburse funds efficiently to recipients on a timely basis;
  - (iii) The competency to produce forward-looking financial plans and budgets;
  - (iv) Legal status to contract with AF and third parties.
- (b) Institutional Capacity:
  - (i) Procurement procedures which provide for transparent competition;
  - (ii) Capacity to undertake monitoring and evaluation;
  - (iii) Ability to identify, develop and appraise project;
  - (iv) Competency to manage or oversee the execution of the project/programme including ability to manage sub-recipients and to support project /programme delivery and implementation.
- (c) Transparency and Self-investigative Powers: Competence to deal with financial mismanagement and other forms of malpractice.



## Accreditation Process

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

- (a) The Board will invite Parties to each nominate a national implementing entity; the Board will also invite potential multilateral implementing entities to [submit their requests] [to express interest in serving the Board as MIE];
- (b) Potential implementing entities will submit their accreditation applications to the Secretariat together with any supporting documentation to verify how they meet the fiduciary standards;
- (c) The Secretariat will review the documentation to ensure that all the necessary information is provided, and will follow-up with the potential implementing entities to ensure that the application package is complete. The Secretariat will forward the complete package to the Accreditation Panel within 15 (fifteen) working days following receipt of a candidate Implementing Entity's submission;
- (d) The Panel will undertake a desk-review of the application and forward its recommendation to the Board; should the Panel require additional information prior to making its recommendation, a mission and/or a teleconference may be undertaken with regard to the country concerned<sup>9</sup>. The Board will provide further guidance on the required information in the future on the basis of lessons learnt; and
- (e) The Board will make a decision and in writing will notify the entity of the outcome, which could fall into one of the following categories:
  - (i) Applicant meets requirements and accreditation is recommended; or
  - (ii) Applicant needs to address certain requirements prior to full accreditation.

34. In case the nominated NIE does not meet the criteria, an eligible Party may nominate another entity to access funding from the Fund, provided that it meets the criteria established by the Board. At the same time the party, [or it] can review the capacity of the same entity for receiving funding at a later stage.

35. Accreditation will be valid for a period of [5] years. The Board will develop guidelines for renewal of an implementing entity's accreditation based on simplified procedures which will be established at a later date.

36. The Board reserves the right to evaluate the performance of implementing entities at any time during an implementing entity's accreditation period. A minimum of [6] month notification

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<sup>9</sup> The Panel will specify areas requiring further work to meet the requirements and may provide technical advice to address such areas. In exceptional circumstances, an external assessor may be used to help resolve especially difficult/contentious issues.

will be given to an implementing entity if they have been identified by the Board as being the object of such an evaluation.

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

38. Before the Board makes its final decision whether to suspend or cancel the accreditation of an implementing entity, the entity concerned will be given a fair chance to present its views to the Board.

## **PROJECT CYCLE**

39. The project cycle of the Adaptation Fund for any size of projects and programmes starts by proposal submission to the Secretariat by the NIE/MIE chosen by the government of the recipient country/ies; followed by initial screening, project review and approval.

40. [The Board will invite each Party to designate a focal point for the Adaptation Fund, and the Secretariat will maintain an updated list of the focal points on the website of the Fund. Proposals shall be endorsed by the Party's focal point for the Adaptation Fund.<sup>10</sup> ]

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

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

- (a) The project proponent submits a fully developed project document<sup>11</sup> based on a template to be approved by the Board. Proposals will be submitted to the Board through the Secretariat four times per year or as may be decided at any time by the Board depending on the flow of requests and the available resources. The timetable for the submission and review of proposals will be synchronized with the meetings of the Board.
- (b) The Secretariat will screen all proposals for consistency and provide a technical summary. It will then forward the proposals with the technical summaries to the Projects and Programmes Review Committee for review, based on the criteria approved by the Board (Annex 3). Screening will be conducted as soon as possible, and within fifteen (15) working days.

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<sup>10</sup> Among the responsibilities of the focal point of the Adaptation Fund are: (i) endorsement, on behalf of national government, of the request for accreditation by a national implementing entity; and (ii) endorsements, on behalf of national government, of project and programme proposed by the national implementing entity or a multilateral implementing entity.

<sup>11</sup> A fully developed project is one that has been appraised for technical and implementation feasibility and is ready for financial closure prior to implementation.

- (c) The Secretariat will send all project proposals received with technical summaries to the Project and Programmes Review Committee four weeks prior to the Adaptation Fund Board meeting.
- (d) The Project and Programmes Review Committee will review the proposals and give its recommendation to the Board for a decision at the Meeting. The Board can approve or reject a proposal with a clear explanation. Rejected proposals can be resubmitted after consideration of the reasons for rejection.
- (e) The proposals approved by the Board will be posted on the Adaptation Fund website. Upon the decision, the Board in writing will notify the proponent of the outcome.

### **Review and Approval of Regular Projects**

42. Regular adaptation projects are those that request funding exceeding \$[5] [1] million. It is proposed that these proposals undergo either a one-step or a two-step<sup>12</sup> approval process. To reduce the time needed to get a project funded, proponents are encouraged to submit a fully-developed project document<sup>13</sup> for a one-step approval. The proposed project cycle steps for a one-step approval are as follows:

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

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<sup>12</sup> A brief project concept is approved in the first step followed by the review and approval of a fully-developed project/document in the second-step. A two-step process, while time consuming minimizes the risk that a proponent does not invest time and energy in fully developing a project or program document that fails to meet the criteria of the Fund. Funding will only be reserved for a project after the approval of a fully-developed project document in the second step.

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

- (e) All proposals approved by the Board will be posted on the Adaptation Fund website. Upon the decision, the Board in writing will notify the proponent of the outcome.

## **Disbursement**

- 43. The Secretariat will draft contracts, memoranda of understanding and/or other necessary agreements with implementing entities and provide these agreements for signature by the Chair or any other Member designated to sign these documents. The Board may, at its discretion, review any of the proposed agreements. A template approved by the Board will be used to make agreements.
- 44. The Trustee will disburse funds on the written instruction of the Board, signed by the Chair and the Vice-Chair, or any other Board Member designated by the Chair and the Vice-Chair, and report to the Board on the disbursement of funds.
- 45. The Board will ensure a separation of functions between the review and verification of disbursement requests, and the issuance of instructions to the Trustee to disburse.
- 46. The Board may instruct the Trustee to disburse funds for programmes in tranches based in time specific milestones, and may require a progress review from the Implementing Entity prior to each tranche disbursement.

## **Monitoring, Evaluation and Reviews**

- 47. [The Adaptation Fund Board will develop [a results] [an accountability] framework to support the *Strategic Priorities, Policies, and Guidelines of the Adaptation Fund*. The framework will take into consideration existing good practice and lay out an approach that: (i) incorporates measuring results with widely recognized tools; (ii) assesses risk on an ongoing basis; and (iii) incorporates learning into strategies, project and programmes. ]
- 48. The Board will oversee results at the portfolio of fund-level and ensure that capacity exists to measure and monitor results at the country-level. The Board requires that projects and programmes under implementation submit annual status reports to the [Ethics and Finance Committee] . The [Secretariat] [Committee with the support of the Secretariat] shall provide an annual report to the Board on the overall status of the portfolio and progress towards results.
- 49. [All projects and programmes] [Regular projects] that complete implementation will be subject to terminal evaluation by an independent evaluator selected by the implementing entity. The Board reserves the right to submit small projects to terminal evaluation when deemed appropriate. Terminal evaluation reports will be submitted to the Board after a reasonable time after project termination, as stipulated in the project contract.
- 50. [The Adaptation Fund Board will consider the process for developing [a results] [an accountability] framework and outline its main components with the aim of ensuring that the framework is in place before projects are approved. ]

## **Strategic Oversight and Monitoring**

51. The Board is responsible for strategic oversight of projects and programmes implemented with resources from the Fund.. The Projects and Programmes Review Committee, with support of the Secretariat, will monitor the Adaptation Fund portfolio of projects and programmes,. The [Secretariat] [Committee with the support of the Secretariat] will prepare an Annual Monitoring Report, based on status reports and terminal evaluation reports, for review by the Board.

52. The Adaptation Fund Board reserves the right to carry out independent reviews or evaluations of the projects and programmes as and when deemed necessary. The costs for such activities will be covered by the Adaptation Fund.

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

## **Procurement**

54. 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 in a given Party. Implementing entities shall observe the highest ethical standards during the procurement and execution of the concrete adaptation projects.

55. The project proposal submitted to the Board shall contain adequate and effective means to punish and prevent malpractices. The implementing entities should promptly inform the Board of any instances of such malpractices.

## **Project Suspensions and Cancellations**

56. At any stage of the project cycle, either at its discretion or following an independent review-evaluation, the Project and Programmes Review Committee may recommend to the Board to suspend or cancel a project for several reasons, notably:

- (a) financial irregularities in the implementation of the project; and/or
- (b) material breach, and poor implementation performance leading to a conclusion that the project can no longer meet its objectives.

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

58. Implementing entities may also initiate suspension or cancellation of projects and programmes subject to the approval of the Board.

59. 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**

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

## **Dispute Settlement**

61. In case of a dispute as to the interpretation, application or implementation of the project/programme, the implementing entity shall first approach the Secretariat with a written request seeking clarification. In case the issue is not resolved to the satisfaction of the implementing entity, the case may be put before the Board at its next meeting, to which a representative of the implementing entity could also be invited.

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

## **Management Fees**

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

## **Where to send a Request for Funding**

64. All requests shall be sent to:

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

65. Acknowledgment of the receipt shall be sent to the proposing implementing entities with copies of the acknowledgement letter to all Members and Alternates of the Board within a week of the receipt of the request for support.

66. All project proposals submitted will be posted on the website of the Adaptation Fund Board.

## **Review of the Operational Policies and Guidelines**

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

## **ANNEX 1: STRATEGIC PRIORITIES, POLICIES, AND GUIDELINES OF THE ADAPTATION FUND ADOPTED BY THE CMP**

### **I. Background**

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

### **II. Strategic priorities**

5. In accordance with decision 1/CMP.3, paragraphs 1 and 2, the Adaptation Fund shall:
  - (a) Assist developing country Parties to the Kyoto Protocol that are particularly vulnerable to the adverse effects of climate change in meeting the costs of adaptation;
  - (b) Finance concrete adaptation projects and programmes that are country driven and are based on the needs, views and priorities of eligible Parties.
6. In accordance with decision 5/CMP.2, paragraph 2 (c), projects and programmes funded under the Adaptation Fund should also take into account, inter alia, national sustainable development strategies, poverty reduction strategies, national communications and national adaptation programmes of action and other relevant instruments, where they exist.
7. In developing projects and programmes to be funded under the Adaptation Fund, eligible Parties should consider the guidance provided in decision 5/CP.7, paragraph 8, and, where necessary, further information included in reports from the Intergovernmental Panel on Climate Change and information generated under the Nairobi work programme on impacts, vulnerability and adaptation to climate change.
8. In developing projects and programmes, special attention shall be given by eligible Parties to the particular needs of the most vulnerable communities.

### III. Strategic policies and guidelines

9. 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 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, including, where appropriate, national development plans, poverty reduction strategies, national communications and national adaptation programmes of action and other relevant instruments, where they exist;
- (b) Economic, social and environmental benefits from the projects;
- (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.

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.

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

**ANNEX 2: FIDUCIARY RISK MANAGEMENT STANDARDS TO BE MET AND OTHER REQUIREMENT AS PER DECISIONS**

Key Fiduciary standards to be met:  
Competencies and Specific Capabilities

Required competency	Specific capability required	Illustrative means of verification
<b>I Financial Management and Integrity</b>	The ability to accurately and regularly recorded transactions and balances to an appropriate standard as attested to by an independent external audit firm or organisation	<ul style="list-style-type: none"> <li>• Production of reliable financial statements prepared in accordance with internationally recognized accounting standards.</li> <li>• Annual external audited accounts that are consistent with recognized international auditing standards.</li> <li>• Production of detailed departmental accounts</li> <li>• Use of accounting packages that are recognised and familiar to accounting procedure in developing countries</li> <li>• Demonstrate capability for functionally independent internal auditing in accordance with internationally recognized standards.<sup>14</sup></li> </ul>
	The ability to safeguard, manage and disburse funds efficiently to recipients on a timely basis	<ul style="list-style-type: none"> <li>• A control framework that is documented with clearly defined roles for management, internal auditors, the governing body, and other personnel.</li> <li>• Financial projections demonstrating financial solvency</li> <li>• Demonstration of proven payment / disbursement systems</li> </ul>
	The competency to produce forward-looking financial plans and budgets	<ul style="list-style-type: none"> <li>• Evidence of preparation of corporate , project or departmental / ministry budgets</li> <li>• Demonstration of ability to spend against budgets</li> </ul>
	Legal status to contract with AF	<ul style="list-style-type: none"> <li>• Demonstration of necessary legal personality in case it is not government department/institution.</li> </ul>

<sup>14</sup> Such as International Standards on Auditing (ISA).

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

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

## ANNEX 3: TEMPLATES APPROVED BY THE ADAPTATION FUND BOARD

### Approval and Operations Procedures

1. **Adaptation Fund Project Approval Process:** There are two approval processes under the Adaptation Fund project cycle: (i) one-step approval process; and (ii) two-step approval process. Eligible parties may submit project proposals directly to the Adaptation Fund Board (AFB) Secretariat via its National Implementing Entities (NIEs) or via Multilateral Implementing Entities (MIEs). NIEs/MIEs have to be accredited by the Adaptation Fund Board to be eligible as an implementing entity for the purpose of submission of the adaptation fund projects. They should also meet the fiduciary standards and other qualifications provided by the Board. All small-size projects follow the one-step approval process, while regular projects may follow either the one-step approval or the two-step approval process, depending on the stage of project preparation, and at the discretion of the project proponent. The following section outline the steps of the two approval processes.

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

- (a) Eligible parties submit a fully-prepared project document to the AFB Secretariat (AFBS) 7 weeks before the next AFB meeting.
- (b) The AFBS screens all proposals and prepares a [Technical Summary](#) for each project and submits a work program<sup>15</sup> consisting of technical summaries for all projects to the Project and Program Review Committee (PPRC) 4 weeks prior to the next AFB meeting.
- (c) PPRC reviews and prepares recommendation for the work program using a [Recommendation Template](#), convenes back-to-back to the AFB meeting to finalize its recommendation and submits its recommendation the next day to the AFB.
- (d) AFB approves/rejects the work program during the meeting.
- (e) All approved projects will be posted on the AF website following the conclusion of its meeting.

3. **Two-Step Approval Process:** The two-step approval process may be used for regular projects that will go through two steps: (i) project concept approval; and (ii) final project document approval. Each of these two steps is subject to the same approval process as the single approval process, i.e., the project is subjected to the single approval process twice. The rationale for choosing such a process is when a project has not been fully prepared, but the country would like to receive confirmation or guidance from the AFB of their proposal upstream

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<sup>15</sup> A work program could consist of a collection of proposals which includes regular projects (RP) concepts, RP final project documents, small projects (SP) final project documents, and/or programs.

of the project cycle before proceeding to finalize project preparation. The following two documentations are required to be submitted at each step following the same procedures as single approval process.

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

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

- (a) Regular Project Concept: used for the 1<sup>st</sup> step of the two-step approval process is followed for regular projects;
- (b) Small-sized Project Document Template: for use when submitting small-sized projects;
- (c) Regular Project Document Template: for use when submitting regular projects;
- (d) Full Project Document prepared by NIEs/MIEs for both small-sized and regular projects;
- (e) Endorsement Template endorsed by the country focal point [for Adaptation Fund].

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

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

6. **Definitions of Terms:**

- (a) Projects: A concrete adaptation project is defined as a set of activities aimed at addressing the adverse impacts of and risks posed by climate change.
- (b) Program: An adaptation program is a process, a plan or an approach for addressing climate change impacts which go broader than the scope of an individual project. [The Board will provide further guidance on the adaptation programmes, its aims and objectives in the future on the basis of lessons learnt.]
- (c) Work Program: a collection of proposals which could include regular project concepts, regular project final project documents, small-size project final project documents, and/or programs.

7. **Financing and Disbursement:**

- (a) Financing: funding for projects and programs will be on a full adaptation cost basis to address the adverse effects of climate change.<sup>16</sup>
- (b) Disbursement: The Trustee will disburse funds on the written instruction of the Board, signed by the Chair and the Vice-Chair, or any other Board Member designated by the Chair and the Vice-Chair, and report to the Board on the disbursement of funds.

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<sup>16</sup> Para. 14 of the *“Provisional Operational Policies and Guidelines for Parties to Access Resources from the Adaption Fund,”* and para. 12 of the *“Strategic Priorities, Policies, and Guidelines of the Adaptation Fund.”*

## Adaptation Fund Project Review Criteria

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

Review Criteria	
1. Country Eligibility	<ul style="list-style-type: none"> <li>• Is the country party to the Kyoto Protocol?</li> <li>• Is the country a developing country particularly vulnerable to the adverse effects of climate change?<sup>17</sup></li> </ul>
2. Project Eligibility	<ul style="list-style-type: none"> <li>• Has the focal point [for the Adaptation Fund <sup>18</sup>] endorsed the project?</li> <li>• Does the project support concrete adaptation actions to assist the country in addressing the adverse effects of climate change?</li> <li>• Does the project provide economic, social and environmental benefits?</li> <li>• Is the project cost-effective?</li> <li>• Is the project consistent with national sustainable development strategies, national development plans, poverty reduction strategies, national communications or adaptation programs of action, or other relevant instruments?</li> <li>• Does the project meet the relevant national technical standards, where applicable?</li> <li>• Is there duplication of project with other funding sources?</li> <li>• Does the project have a learning and knowledge management component to capture and feedback lessons?</li> <li>• Has special attention be given to the particular needs of the most vulnerable communities?</li> </ul>
3. Resource Availability	<ul style="list-style-type: none"> <li>• Is the requested project funding within the cap of the country?</li> </ul>
4. Eligibility of NIE/MIE	<ul style="list-style-type: none"> <li>• Is the project submitted through an eligible NIE/MIE that has been accredited by the Board?</li> </ul>
5. Implementation Arrangement	<ul style="list-style-type: none"> <li>• Is there adequate arrangement for project management?</li> </ul>

<sup>17</sup> Further reference to the eligibility of country can be found in the document: “*Strategic Priorities, Policies, and Guidelines of the Adaptation Fund*”

<sup>18</sup> Each country should inform the Adaptation Fund Board when a focal point has been nominated for the Adaptation Fund.



	<ul style="list-style-type: none"><li>• Are there measures for financial and project risk management?</li><li>• Are arrangements for monitoring and evaluation clearly defined, including a budgeted M&amp;E plan?</li><li>• Is a project results framework included?</li></ul>
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## Sample Adaptation Fund Operations Calendar for 2009

### For the Submission of Adaptation Fund Projects

Eligible parties may submit project proposals to the AFB through its Secretariat four times a year synchronizing with the Adaptation Fund Board meetings. In order for projects to be considered in a meeting, the proposals should be submitted to the AFBS no later than 7 weeks before the next AFB meeting. This timeframe will allow the Adaptation Fund Board Secretariat to screen the project proposals, prepare technical summaries and compile a work program for submission to the Project and Program Review Committee (PPRC). Upon receipt of the work program, PPRC will review the project proposals, conduct a PPRC meeting during the first day of the AFB meeting and submit its recommendation to the AFB the next day for the approval of the projects. A tentative AF operations calendar for the November 2009 is attached below for reference. The Operations Calendar for submission of proposals will be published on the AF website.

### TENTATIVE ADAPTATION FUND OPERATIONS CALENDAR

[Sept. 24, 2009	Deadline for submission of AF Proposals to AFBS
Sept. 25 – Oct. 15, 2009	AFBS screens the proposals, prepares Technical Summary and compiles a work program.
Oct. 16, 2009	AFBS sends the work program to the Project and Program Review Committee (PPRC)
Oct. 19 – Nov. 13, 2009	PPRC reviews the work program
Nov. 16, 2009	PPRC meets to finalize the recommendation for proposals
Nov. 17, 2009	PPRC sends its recommendation of the work program to the Adaptation Fund Board (AFB)
Nov. 16 – 18, 2009	AFB Meeting
Nov. 19, 2009	Publication of Approved Projects on the AF website]

Attached with this note are the following:

1. Appendix A: Request for Adaptation Fund Board Approval
2. Appendix B: Adaptation Fund Board Secretariat Technical Summary for Adaptation Fund Projects
3. Appendix C: PPRC Recommendation for Project Approval
4. Appendix D: Decision on the Use of Resources of the Adaptation Fund
5. Appendix E: Focal point for the Adaptation Fund Endorsement Template submitted through NIEs/MIEs



**ADAPTATION FUND**

# REQUEST FOR AF BOARD APPROVAL

PROJECT CATEGORY: (select)

## **PART I: PROJECT INFORMATION**

AF PROJECT ID:  
 COUNTRY/IES:  
 TITLE OF PROJECT:  
 TYPE OF REQUESTING ENTITY: (select)  
 IMPLEMENTING ENTITY: (Specify Name)  
 EXECUTING ENTITY/IES:

SUBMISSION DATE:

A. PROJECT OBJECTIVES:

B. PROJECT COMPONENTS AND FINANCING:

INDICATIVE CALENDAR	
MILESTONES	EXPECTED DATES
AFB Approval	
Expected submission of RP 2 <sup>nd</sup> step approval request	
Implementation Start	
Mid-term Review (if planned)	
Project Closing	
Terminal Evaluation	

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

## **PART II: PROJECT JUSTIFICATION**

A. PROJECT BACKGROUND AND CONTEXT

B. PROJECT AND INSTITUTIONAL FRAMEWORK FOR ITS IMPLEMENTATION

C. PROJECT ELIGIBILITY

- a. ADAPTIVE CAPACITY TO THE ADVERSE EFFECTS OF CLIMATE CHANGE
- b. ECONOMIC, SOCIAL AND ENVIRONMENTAL BENEFITS FROM THE PROJECT, WHERE APPLICABLE
- c. PROJECT COST-EFFECTIVENESS

- d. CONSISTENCY WITH NATIONAL SUSTAINABLE DEVELOPMENT STRATEGIES, INCLUDING, WHERE APPROPRIATE, NATIONAL DEVELOPMENT PLANS, POVERTY REDUCTION STRATEGIES, NATIONAL COMMUNICATIONS, OR NATIONAL ADAPTATION PROGRAMS OF ACTION, OR OTHER RELEVANT INSTRUMENTS, WHERE THEY EXIST
- e. MEETING RELEVANT NATIONAL TECHNICAL STANDARDS, WHERE APPLICABLE
- f. DUPLICATION OF PROJECT WITH OTHER FUNDING SOURCES, IF ANY.
- g. LEARNING AND KNOWLEDGE MANAGEMENT COMPONENT TO CAPTURE AND FEEDBACK LESSONS
- h. [ADDITIONAL COST REASONING]

**D. IMPLEMENTATION ARRANGEMENT**

- a. ADEQUACY OF PROJECT MANAGEMENT ARRANGEMENTS
- b. MEASURES FOR FINANCIAL AND PROJECT RISK MANAGEMENT
- c. MONITORING AND EVALUATION ARRANGEMENTS INCLUDING BUDGETED M&E PLAN
- c. [[RESULTS] [ACCOUNTABILITY FRAMEWORK]

**PART III: ENDORSEMENT BY THE FOCAL POINT FOR THE ADAPTATION FUND AND CERTIFICATION BY THE IMPLEMENTING ENTITY**

**A. RECORD OF ENDORSEMENT OF THE FOCAL POINT FOR THE ADAPTATION FUND<sup>19</sup> ON BEHALF OF THE GOVERNMENT** (Please attach the Party endorsement letter(s) with this template; add as many participating Parties if a regional project.):

<i>(Enter Name, Position, Ministry)</i>	<i>Date: (Month, day, year)</i>
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**B. IMPLEMENTING ENTITY CERTIFICATION**

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

Project Contact Person:
Tel. And Email:

<sup>19</sup> Countries should inform the Adaptation Fund Board when a focal point is nominated by providing name and contact information.

## INSTRUCTIONS FOR PREPARING A REQUEST FOR AF BOARD APPROVAL

1. **PROJECT CATEGORY:** In the pull down menu, select the category at which the proposal is asking for AF Board approval.
  - a) **SMALL-SIZED PROJECT.** Small-sized project proposal requesting approval of up to \$1 million in grant. The proposal must be fully prepared when request is made and a final project document should also be attached in addition to the template.
  - b) **REGULAR PROJECT CONCEPT.** The concept of a regular-sized project is prepared when choosing two-step approval for regular projects, and requesting approval of an indicative amount of more than \$1 million in grant.
  - c) **REGULAR PROJECT.** A regular project requesting approval of more than \$1 million in grant. Also requires submission of fully appraised or fully prepared regular project final project document.

### **PART I: PROJECT INFORMATION**

**AFB PROJECT ID.** Number is assigned by the AFB Secretariat. Leave this blank.

**COUNTRY/IES:** Refers to eligible countries under the Kyoto Protocol. Regional projects should mention all the participating countries.

**TITLE:** Refers to the title of the project.

**TYPE OF REQUESTING ENTITY:** In the pull down menu, select National or Multilateral Implementing Entities. These entities should be accredited by the AFB. Entities bear full responsibility for the overall management of the project; carries out financial, monitoring, and reporting responsibilities.

**EXECUTING ENTITY(IES).** Specify the name of the organization(s) that execute(s) the project supported by the AF under the oversight of the Implementing Entity.

**SUBMISSION DATE:** The date in which the Implementing Entity Coordinator signs off the proposal and sends it to AFB Secretariat for review.

**INDICATIVE CALENDAR.** Indicate milestones and their expected dates.

**AFB APPROVAL.** Expected date for the Adaptation Fund Board approves the project.

**SUBMISSION OF REGULAR PROJECT 2<sup>ND</sup> STEP APPROVAL REQUEST.** In the case of regular-sized project, the expected submission date for the fully appraised or fully prepared project preceding the approval of the concept.

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

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

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

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

- A. **PROJECT OBJECTIVES.** The intended impact of overcoming vulnerability to the adverse effects of climate change.

- B. **PROJECT COMPONENTS AND FINANCING.** Table presenting the relationships among project components, activities, expected concrete outputs, and their corresponding budgets to accomplish them.

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

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

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

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

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

**TOTAL PROJECT COST.** This is the sum of all project components requesting AFB approval.

**IMPLEMENTING ENTITY PROJECT CYCLE MANAGEMENT FEE.** This is the fee that is awarded to an Implementing Entity for project cycle management services computed at ?% of the grant amount.

**TOTAL AF RESOURCES REQUESTED.** This amount includes the total project cost and the IE project cycle management fee.

## **PART II: PROJECT JUSTIFICATION**

- A. **PROJECT BACKGROUND AND CONTEXT.** Provide brief information on the issue and other possible relevant projects implemented since the country(ies) became a Party to the Kyoto Protocol: List relevant adaptation projects that have been or currently being implemented in the country.
- B. **PROJECT AND INSTITUTIONAL FRAMEWORK FOR ITS IMPLEMENTATION:** Discuss briefly the proposed work on concrete adaptation activities intended to be undertaken to reduce adverse impacts of and risks posed by climate change, including variability. Pay particular attention to special vulnerability and urgency argument underlying the proposal, as well as on addressing multi-and cross-sectoral aspects.
- C. **PROJECT ELIGIBILITY.** Describe how the project proposal meets the Adaptation Fund eligibility criteria as enumerated below:
- Adaptive capacity of the project to the adverse effects of climate change;
  - Economic, social and environmental benefits from the project, where applicable;
  - Project cost-effectiveness (more in-depth for RPs in its final project submission);
  - Consistency of the project with national sustainable development strategies, including, where appropriate, national development plans, poverty reduction strategies, national communications, or national adaptation programs of action, or other relevant instruments, where they exist ;
  - How the design of the project meets relevant national technical standards, where applicable;
  - If there is duplication of project with other funding sources ; and
  - The learning and knowledge management component to capture and feedback lessons.
- D. **IMPLEMENTATION ARRANGEMENT.** Describe the various elements of project implementation as enumerated below:
- Adequacy of project management arrangements
  - Measures for financial and project risk management
  - Monitoring and evaluation arrangements including budgeted M&E plan
  - Results framework

**PART III: ENDORSEMENT BY FOCAL POINT FOR ADAPTATION FUND AND CERTIFICATION BY THE IMPLEMENTING ENTITY**

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



**Focal Point for Adaptation Fund Endorsement Letter**

[Government Letter Head]

[Date of Endorsement Letter]

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

Subject: Endorsement for [Title of Project]

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

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

Sincerely,

[Name of Operational Focal Point]  
[Position/Title in Government]





## ADAPTATION FUND BOARD SECRETARIAT TECHNICAL SUMMARY FOR ADAPTATION PROJECT

PROJECT CATEGORY: (select)

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Country/Region:

Project Title:

AF Project ID:

NEI/MEI Project ID:

Regular Project Concept Approval Date (if applicable):

AFB Secretariat Screening Manager:

Anticipated Project Financing (\$ million): AF Project Grant:

Anticipated Submission of final RP document (if applicable):

NIE/MIE Contact Person:

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

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

Technical Summary	
Date:	



**Project and Program Review Committee  
 Recommendation for Projects Submitted for the  
 November 16-18, 2009 AFB Meeting**

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

## Decision on the Use of Resources of the Adaptation Fund

1. The *Strategic Priorities, Policies and Guidelines of the Adaptation Fund* adopted by the Parties in the meeting in Poznan, Poland in December 2008 provided guidance on the use of resources of the Adaptation Fund among eligible Parties. Among other things, the following criteria are to be taken into account for the decision on the use of resources among eligible Parties:

- 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 program 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; and
- g) Adaptive capacity to the adverse effects of climate change.

2. The Adaptation Fund Board is requested to review criteria of this strategic priority based on lessons learned. In connection with this request and in preparation for the process of resource use and leading to call for adaptation fund project proposals, it is suggested that the Adaptation Fund Board [should form an interim committee] to undertake the review on the use of resources and to assess the eligible Parties according to the above criteria. The objective of the assessment is to implement the Decision 1/CMP.4 of the Poznan meeting and to establish a **List of [Eligible] Parties [to be prioritized]** for submission of adaptation projects.

3. The Project and Program Review Committee (PPRC) should consult the **List of [Eligible] Parties [to be prioritized]** with the use of resources when reviewing project proposals submitted by countries that have been screened by the Adaptation Fund Board Secretariat. Only countries assessed as eligible and included in the above list can submit projects to the Adaptation Fund Board Secretariat (AFBS). The list of [eligible] Parties [to be prioritized] for the purpose of resource allocation and for the submission of adaptation projects may be reassessed from time to time as deemed necessary by the AFB.

## Adaptation Cost

1. Major adaptation costs principle:
  - “AF shall be guided by the following principles: (d) Funding on full adaptation cost basis of projects and programmes to address the adverse effects of climate change” (5/CMP.2 , para1).
  - “BAU cost/baseline cost” will not be assisted.
  
2. Given the limited financial resources of the AF especially during the initial stage, it is crucial to maintain and apply the principles established through adaptation financing. The practices and guidance included in the two programming paper are summarized in the following:
  - Programming paper for funding the implementation of NAPAs under the LDC TF (GEF/C.28/18, 2006)<sup>20</sup>
  - Programming to implement the guidance for the SCCF adopted by COP9 (GEF/C.24/12, 2004)<sup>21</sup>

### 3. Two approaches to determine the adaptation cost:

#### 3.1 Additional cost approach

In order to differentiate the BAU cost/baseline cost and the “costs to meet the immediate adaptation needs (\*)”, a baseline scenario and adaptation scenario should be presented in the project proposal (\*3/CMP.11).

- Baseline scenario: Activities that would be implemented in the absence of climate change.
- Adaptation scenario: The altered plan to build adaptive capacity/increase resilience.

#### 3.2 Sliding scale

To expedite the project formulation, it is proposed to apply a presumptive proportional scale for small scale projects instead of using the baseline/adaptation scenario. The sliding scale for the AF should be discussed and established, and the table below should serve as a reference

Total cost (LDCF)	Max. funding rate	Total cost (SCCF)
Less than 0.3 mil	100%	/
0.3~0.5 mil.	75%	
0.5~6 mil.	50%	Less than 1 mil.
6~18 mil.	33%	1~5 mil.
18 mil. or more	25%	5 mil. or more

]

<sup>20</sup> [http://www.thegef.org/COUNCIL/GEF\\_C28/C.28.18.Executive\\_Summary.pdf](http://www.thegef.org/COUNCIL/GEF_C28/C.28.18.Executive_Summary.pdf)

<sup>21</sup> <http://www.ifad.org/operations/gef/climate/11.pdf#search=GEF/C.24/12>]