



ADAPTATION FUND

AFB/EFC.15/Inf.1
19 September 2014

Adaptation Fund Board
Ethics and Finance Committee
Fifteenth meeting
Bonn, Germany, 7-8 September 2014

**JOINT REPORT BY THE SECRETARIAT AND THE
TRUSTEE ON THE STATUS OF THE PIPELINE**

Background

1. The present document was prepared pursuant to the request from the Adaptation Fund Board (the Board) to the secretariat and the Trustee “to provide a consolidated report on the status of the pipeline at every EFC meeting, including overall allocated and unallocated AF resources, relative funding allocations made for MIEs and NIEs, projections on projects/programmes entering the pipeline, projections of overall funds available, the status of NIE applications and project preparations, and the status of the submission of project/programme concepts” (Decision B18/28).

Allocated and unallocated resources in the Adaptation Fund Trust Fund

2. As of 30 June 2014 the resources available in the Adaptation Fund Trust Fund were as presented below in Table 1.¹

Table 1: Allocated and unallocated resources (US\$ million)	
	At 30 June 2014 ²
Cumulative Receipts	407.34
Total Projects and Programmes	(226.22)
Projects and Programmes (MIE)	(181.40)
Projects and Programmes (NIE)	(44.81)
Operational expenses	(26.12)
Unallocated resources	147.70
Restricted Funds	(3.00)
Funds available for decisions	150.70

Funding allocations for MIEs and NIEs

3. Based on Decision B.12/9, the percentage of cumulative funding decisions for projects and programmes submitted by MIEs is calculated by comparing those funding decisions to the sum of all project and programme funding decisions and funds available for new funding decisions (“Project and Programme Resources”). Table 2 provides the percentages considering funding availability as of 30 June 2014. At that date, the pipeline included five projects and programmes, for a total amount of US\$ 38.35 million.

4. Additional funding availability during the intersessional period between AFB23 and AFB24 allowed the approval of the first project in the pipeline, which was the project for Belize, for an amount of US\$ 6,000,000.

¹ Source: AFB.EFC.15.8 Adaptation Fund Trust Fund Financial Status Report

² Prior to inter-sessional approval of the project for Belize and its release from the pipeline.

Table 2: Funding allocations for MIEs and NIEs: update		At 30 June 2014	
		USD million	% of (a)
a	Total project and programme resources (for purpose of calculating the cap)	407.34	100%
b	Operational expenses and reserve	29.12	7%
c	Level of MIE cap = (a-c) x 50% (Decision B.12/9)	189.11	46.4%
d	Total project and programme decisions to date (e+f)	226.21	55.5%
e	Projects and programmes (MIE)	181.40	44.5%
f	Projects and programmes (NIE)	44.81	11.0%
g	Funds available for new funding decisions	150.70	37.0%
h	Funds available for MIEs under cap (c-e)	7.71	1.9%
i	MIE projects and programmes in the pipeline	32.35	7.9%
j	Shortfall within the cap to approve all projects in pipeline (h-i)	-24.64	
k	Additional funds required for approval of all MIE projects in pipeline following the rule of 50% cap on MIEs = (j) / 50%	49.28	

5. The revised pipeline as of 31 August 2014 is presented in Table 3.

Table 3: Pipeline of MIE projects						
Order of priority	Country (MIE)	Recommendation date	Submission date	Net cost, US\$ M	Financing requested, US\$ M	Cumulative, US\$ M
1	Ghana (UNDP)	4/4/2013	1/28/2013	7.64	8.29	8.29
2	Mali (UNDP)	7/4/2013	4/24/2013	7.86	8.53	16.82
3	Nepal (WFP)	10/31/2013	8/26/2013	8.78	9.53	26.35
4	Indonesia (WFP)	3/20/2014	1/13/2014	5.52	5.99	32.35

Projected pipeline status beyond AFB24

6. The four proposals remaining in the pipeline represent a total of US\$ 32.35 million in requested financing. As of 31 August 2014, the funding availability under the 50 per cent cap for MIE projects was not sufficient to support approval of the first project in the pipeline, for which financing of US\$ 8.29 million is requested.

7. There were no proposals submitted by MIEs for the twenty-fourth meeting.

8. Additional proposals that have been either endorsed as concepts or submitted to the Board for approval as full proposals without endorsement but are not submitted to the twenty-fourth meeting are presented below in Table 4.

Table 4: MIE proposals endorsed as concepts or submitted earlier as fully-developed proposals but not recommended for approval to date as fully-developed proposals (in order of endorsement date)				
	Country (MIE)	Endorsement date	Financing Requested US\$ million	Submitted as full proposal
	<i>Endorsed concept</i>			
1	El Salvador (UNDP)	12/15/2010	5.43	Yes
2	Fiji (UNDP)	6/22/2011	5.73	Yes
3	Paraguay (UNEP)	6/29/2012	7.13	No
	Total (endorsed concepts)		18.29	
	<i>Not endorsed, submitted as full proposal</i>			
1	Mauritania (WMO)	N/A	2.16	Yes
	Total (non-endorsed full proposals)		2.16	
	Total (all)		20.45	

9. It is worth noting that the above proposals may not represent all proposals being developed by MIEs for consideration by the Board for future meetings, as Implementing Entities may submit fully-developed proposals without prior notification to the secretariat.³

Projections of overall funds available

10. The document “Adaptation Fund Trust Fund: Financial Report prepared by the Trustee as at 30 June 2014” (AFB/EFC.15/8) noted that, based on current CER prices, inventory in the AF Share of Proceeds (and potential CER inflows), only an additional USD 2-3 million may be available to the Fund by end-2015, in addition to any outstanding donations and funding availability of USD 150.7 million as at 30 June 2014.

11. Without additional contributions or an amendment to the 50 per cent cap on projects implemented by MIEs, it may not be possible to approve the any additional MIE projects for several years to come.

Status of NIE applications and project preparation

12. At the date of this report, the Board has accredited 17 National Implementing Entities. Five of those have received funding for projects or programmes, and seven additional NIEs have received concept endorsement and approval of project formulation grants (PFG). At the twenty-fourth meeting of the Board, ten fully-developed NIE

³ However, MIEs are aware of the existence of the pipeline, which may explain their reluctance to submit proposals.

projects/programmes, two NIE project concepts and two PFG requests are being presented for consideration of the Board.⁴

13. As of 30 August 2014, only three out of seventeen NIEs have not submitted project or programme proposals, and two of these three had been accredited within less than 5 months of the submission deadline to the twenty-fourth meeting.

14. The amount of time required for the development of NIE proposals from accreditation to concept endorsement (including PFG approval when applicable) and to full project document approval is presented in Table 5. The table shows that there is wide variation between NIEs in terms of time needed to develop a concept and a full proposal. Some NIEs have been able to go through the process very quickly, e.g. six months needed for the development of the concept proposal for Senegal to full proposal approval, and four months needed for development of the concept for Argentina. However, 21-23 months were required for some NIEs to receive concept endorsement following their accreditation.

Country	Accreditation	Endorsement of concept	Months required for concept endorsement	Project approval	Months required for project approval	Total months required
Senegal	3/25/2010	6/15/2010	3	9/17/2010	3	6
Jamaica	9/17/2010	6/22/2011	9	6/29/2012	12	21
Uruguay	9/17/2010	3/18/2011	6	12/14/2011	9	15
Benin	6/22/2011	3/16/2012	9	-	-	-
Argentina	3/16/2012	6/29/2012	4	4/4/2013	9	13
Rwanda	12/13/2011	4/4/2013	16	10/30/2013	7	23
South Africa	9/7/2011	7/4/2013	22	-	-	-
Costa Rica	11/19/2012	10/30/2013	12	-	-	-
Jordan	12/13/2011	10/30/2013	23	-	-	-
India	6/28/2012	3/19/2014	21	-	-	-
Morocco	11/13/2012	3/19/2014	16	-	-	-
Average			13		8	16

15. The number of NIE submissions has continued to increase; 17 NIEs have been accredited as of 31 August 2014. There are eight applicant NIEs and two applicant RIEs (as well as one applicant MIE) whose applications are presently being considered by the Accreditation Panel. It is worth mentioning that the Fund Readiness Programme which was approved by the Board at its twenty-second meeting is under implementation and is

⁴ This represents the largest number of NIE proposals ever to be considered by the AFB at a single meeting.

expected to help increase the number of accredited NIEs and improve the capacities of existing ones, ultimately resulting in increased number of quality proposal submissions. However, the average time required from accreditation to approval of a fully-developed project proposal is greater than one year; therefore it is likely that most of the newly accredited NIEs will require at least 12 months submitting a full project proposal for approval by the Board.