



ADAPTATION FUND

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Adaptation Fund Board  
Twenty-second Meeting  
Bonn, Germany 31 October - 1 November 2013

**ENVIRONMENTAL AND SOCIAL POLICY  
OPERATIONALIZATION: PROPOSED AMENDMENTS TO  
OPERATIONAL POLICIES AND GUIDELINES FOR PARTIES  
TO ACCESS RESOURCES FROM THE ADAPTATION FUND,  
RELATED TEMPLATES, AND INSTRUCTIONS**

## 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 in 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 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).

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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 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. 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

9. The Adaptation Fund established under decision 10/CP.7 shall finance concrete adaptation projects and programmes.
10. A concrete adaptation project/programme is defined as a set of activities aimed at addressing the adverse impacts of and risks posed by climate change. The activities shall aim at producing visible and tangible results on the ground by reducing vulnerability and increasing the adaptive capacity of human and natural systems to respond to the impacts of climate change, including climate variability. Adaptation projects/programmes can be implemented at the community, national, regional and transboundary level. Projects/programmes concern activities with a specific objective(s) and concrete outcome(s) and output(s) that are measurable, monitorable, and verifiable.
11. An adaptation programme is a process, a plan, or an approach for addressing climate change impacts that is broader than the scope of an individual project.

## OPERATIONAL AND FINANCING PRIORITIES

12. The overall goal of all adaptation projects and programmes financed under the Fund will be to support concrete adaptation activities that reduce vulnerability and increase adaptive capacity to respond to the impacts of climate change, including variability at local and national levels.
13. Provision of funding under the Fund will be based on, and in accordance with, the *Strategic Priorities, Policies and Guidelines of the Adaptation Fund* adopted by the CMP, attached as Annex 1.
14. Funding will be provided on full adaptation cost basis of projects and programmes to address *the adverse effects of climate change*.<sup>6</sup> *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

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

guidance on financing priorities, including through the integration of information based on further research on the full costs of adaptation and on lessons learned.

15. In developing projects and programmes to be funded under the Fund, eligible developing country Parties may wish to consider the guidance provided in 5/CP.7. Parties may also consult information included in reports from the Intergovernmental Panel on Climate Change (IPCC) and information generated under the Nairobi Work Programme (NWP) on Impacts, Vulnerability and Adaptation to Climate Change.<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 urgency and risks arising from delay;
  - (c) Ensuring access to the fund in a balanced and equitable manner;
  - (d) Lessons learned in project and programme design and implementation to be captured;
  - (e) Securing regional co-benefits to the extent possible, where applicable;
  - (f) Maximizing multi-sectoral or cross-sectoral benefits;
  - (g) Adaptive capacity to the adverse effects of climate change.
17. Resource allocation decisions will be guided by paragraphs 9 and 10 of the *Strategic Priorities, Policies and Guidelines of the Adaptation Fund*.
18. The Board will review its procedures for allocating resources of the Fund among eligible Parties at least every three years, and/or as instructed by the CMP.

## **PROJECT/ PROGRAMME PROPOSAL REQUIREMENTS**

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

## **DESIGNATED AUTHORITY**

20. Each Party shall designate and communicate to the secretariat the authority that will represent the government of such Party in its relations with the Board and its secretariat. The Designated Authority shall be an officer within the Party's government

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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).

administration. The communication to the secretariat shall be made in writing and signed by either a Minister, an authority at cabinet level, or the Ambassador of the Party.

21. The main responsibility of the Designated Authority is the endorsement on behalf of the national government of: a) accreditation applications as National Implementing Entities submitted by national entities; b) accreditation applications as Regional or Sub-regional Implementing Entities submitted by regional or sub-regional entities; and c) projects and programmes proposed by the implementing entities, either national, regional, sub-regional, or multilateral.
22. The Designated Authority shall confirm that the endorsed project/programme proposal is in accordance with the government's national or regional priorities in implementing adaptation activities to reduce adverse impacts of, and risks posed by, climate change in the country or region.

## **FINANCING WINDOWS**

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

## **ELIGIBILITY CRITERIA**

### **Country Eligibility**

24. The Fund shall finance concrete adaptation projects and programmes in developing country Parties to the Kyoto Protocol that are particularly vulnerable to the adverse effects of climate change.
25. Paragraph 10 of the *Strategic Priorities, Policies and Guidelines of the Adaptation Fund* provides the country eligibility criteria.
26. A cap in resource allocation per eligible host country, project and programme will be agreed by the Board based on a periodic assessment of the overall status of resources in the Adaptation Fund Trust Fund and with a view to ensuring equitable distribution.

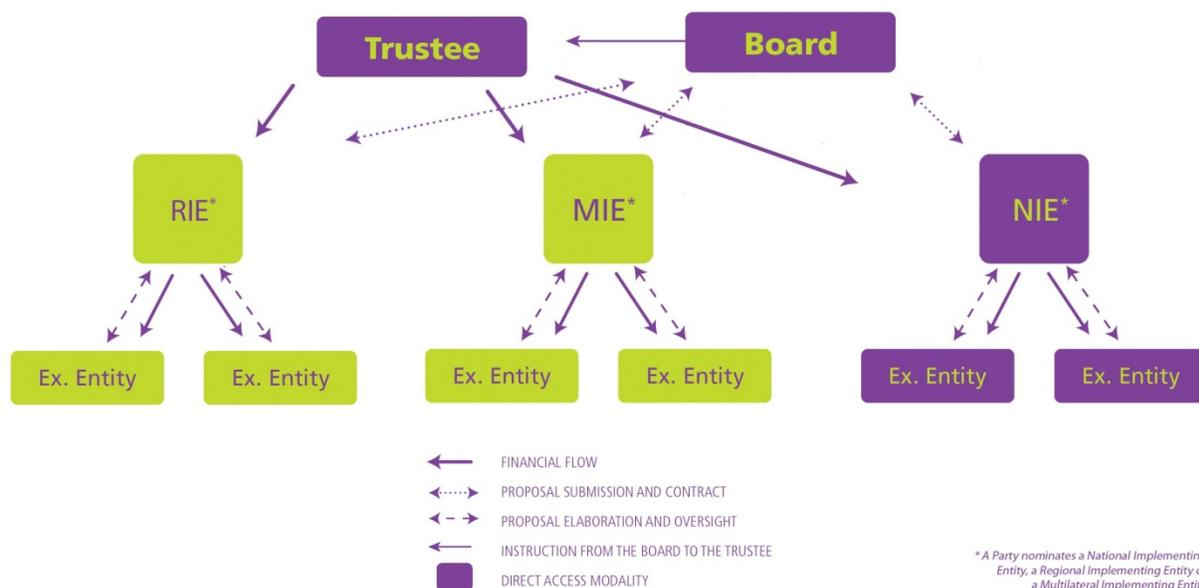
### **Implementing and Executing Entities**

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

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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



28. 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 approved by the Board. The NIEs will bear the full responsibility for the overall management of the projects and programmes financed by the Adaptation Fund, and will bear all financial, monitoring and reporting responsibilities.
29. A group of Parties may also nominate regional and sub-regional entities as implementing entities (RIE/SRIE), and thereby provisions of paragraph 28 will apply. In addition to the nomination of an NIE an eligible Party may also nominate a RIE/SRIE and may submit project/programme proposals through an accredited RIE/SRIE that is operating in their region or sub-region. The application for accreditation shall be endorsed by at least two country members of the organization. The RIE/SRIEs will bear the full responsibility for the overall management of the projects and programmes financed by the Adaptation Fund, and will bear all financial, monitoring and reporting responsibilities.
30. Multilateral Implementing Entities (MIE) are those Multilateral Institutions and Regional Development Banks invited by the Board that meet the fiduciary standards and demonstrate commitment and ability to comply, as a minimum, with the environmental and social 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.

31. In the case of regional (i.e., multi-country) projects and programmes, the proposal submitted to the Board should be endorsed by the Designated Authority of each participating Party.
32. Executing Entities are organizations that execute adaptation projects and programmes supported by the Fund under the oversight of Implementing Entities.

## **ACCREDITATION OF IMPLEMENTING ENTITIES**

### **Fiduciary Standards**

33. Among principles established for the Fund (Decision 5/CMP.2) is “sound financial management, including the use of international fiduciary standards.” At its 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) 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**

34. 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 XX for details) in any projects/programmes supported by the Adaptation Fund. The environmental and social policy shall be applied throughout

all the project/programme implementation phases, including design, execution, monitoring, and evaluation.

### Accreditation Process

35. 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 Parties<sup>9</sup> to each nominate a National Implementing Entity (NIE); the Board will issue a call to potential Multilateral Implementing Entities (MIE) to express interest in serving as an MIE;
  - (b) Potential implementing entities (NIEs, RIEs, or MIEs), will submit their accreditation applications to the Secretariat together with the required supporting documentation to verify how they meet the fiduciary standards and their commitment and ability to comply with the Environmental and Social 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.<sup>10</sup>
  - (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:
    - (ix) Applicant meets requirements and accreditation is approved; or
    - (x) Applicant needs to address certain requirements prior to full accreditation.
36. In case the nominated NIE does not meet the criteria, an eligible Party may resubmit its application after addressing the requirements of the Board or submit an application nominating a new NIE. In the meantime, eligible Parties are encouraged to use the services of an accredited RIE/SRIE or MIE, if they so wish, to submit project/programme

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<sup>9</sup> The Designated Authority referred to in paragraph 20 above shall endorse the application for accreditation on behalf of the Party.

<sup>10</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.

proposals for funding. An applicant MIE that does not meet the criteria for accreditation may also resubmit its application after addressing the requirements of the Board.

37. Accreditation will be valid for a period of 5 years with the possibility of renewal. The Board will develop guidelines for renewal of an implementing entity's accreditation based on simplified procedures that will be established at a later date.
38. 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 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.
39. If there is any allegation or evidence of misuse of funds, 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.<sup>11</sup>
40. The Board may also consider suspending or cancelling the accreditation of an implementing entity if it made false statements or provided intentionally false information to the Board both at the time of accreditation to the Board or in submitting a project or programme proposal.
41. Before the Board makes its final decision on whether to suspend or cancel the accreditation of an implementing entity, the entity concerned will be given a fair chance to present its views to the Board.
42. Each existing implementing entity will be subject to the most recent Operational Policies and Guidelines during any re accreditation process.

## **PROJECT/PROGRAMME CYCLE**

43. The project/programme cycle of the Adaptation Fund for any project or programme size begins with a proposal submission to the Secretariat by the NIE/RIE/MIE chosen by the Party/ies. The Designated Authority referred to in paragraph 20 above shall endorse the proposal submission. The submission is followed by an initial screening, project/programme review and approval.<sup>12</sup>

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

44. In order to expedite the process of approving projects/programmes and reduce unnecessary bureaucracy, small-size projects will undergo a one-step approval process by the Board. The proposed project cycle steps are as follows:
  - (a) The project/programme proponent submits a fully developed project/programme document<sup>13</sup> based on a template approved by the Board (Annex 3, Appendix A). A disbursement schedule with time-bound milestones will be submitted together with

<sup>11</sup> [http://www.un.org/Depts/oios/investigation\\_manual/ugi.pdf](http://www.un.org/Depts/oios/investigation_manual/ugi.pdf)

<sup>12</sup> The Designated Authority referred to in paragraph 21 above shall endorse the proposal submission.

<sup>13</sup> 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.

- the fully developed project/programme document. Proposals shall be submitted to the Board through the Secretariat. The timetable for the submission and review of proposals will be synchronized with the meetings of the Board to the extent possible. Project/programme proposals shall be submitted at least nine weeks before each Board meeting in order to be considered by the Board at its next meeting.
- (b) The Secretariat will screen all proposals for consistency and provide a technical review. It will then forward the proposals with the technical reviews to the Projects and Programmes Review Committee (PPRC) for review, based on the criteria approved by the Board (Annex 3). The secretariat will forward comments on the project/programme proposals and requests for clarification or further information to the implementing entities, as appropriate. The inputs received and the conclusions of the technical review by the secretariat will be incorporated to the review template.
  - (c) The Secretariat will send all project/programme proposals received with technical reviews to the PPRC at least seven (7) days prior to the meeting. The PPRC will review the proposals and give its recommendation to the Board for a decision at the Meeting. The PPRC may use services of independent adaptation experts to provide input into the review process if needed. The Board can approve, not approve or reject a proposal with a clear explanation to the implementing entities. Rejected proposals cannot be resubmitted.
  - (d) The proposals approved by the Board will be posted on the Adaptation Fund website. Upon the decision, the Secretariat in writing will notify the proponent of the Board decision.

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

- 45. Regular adaptation projects/programmes are those that request funding exceeding \$1 million. These proposals may undergo either a one-step or a two-step<sup>14</sup> 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/document<sup>15</sup>. Funding will only be reserved for a project/programme after the approval of a fully-developed project document in the second step.
- 46. The project/programme cycle steps for both concept and fully-developed project document are as follows:
  - (a) The project/programme proponent submits a concept/fully-developed project document based on a template approved by the Board (Annex 3, Appendix A). A disbursement schedule with time-bound milestones will be submitted together with the fully developed project/programme document. Proposals shall be submitted to the Board through the Secretariat. The timetable for the submission and review of proposals will be synchronized with the meetings of the Board as much as possible. Project/programme proposals shall be submitted at least nine weeks before each Board meeting in order to be considered by the Board at its next meeting.

<sup>14</sup>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.

<sup>15</sup> 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.

- (b) The Secretariat will screen all proposals for consistency and provide a technical review based on the criteria approved by the Board (Annex 3). It will then forward the proposals and the technical reviews to the PPRC for review. The Secretariat will forward comments on the project/programme proposals and requests for clarification or further information to the implementing entities, as appropriate. The inputs received and the conclusions of the technical review by the secretariat will be incorporated in the review template.
- (c) The Secretariat will send all project/programme proposals with technical reviews to the PPRC at least seven (7) days before the meeting. The PPRC will review the proposals and give its recommendation to the Board for a decision at the meeting. The PPRC may use services of independent adaptation experts to provide input into the review process if needed. In the case of concepts, the Board can endorse, not endorse, or reject a proposal with a clear explanation to the implementing entities. In the case of fully-developed proposals, the Board can approve, not approve, or reject a proposal with a clear explanation to the implementing entities. Rejected proposals cannot be resubmitted.
47. Proponents with endorsed concepts are expected to submit a fully developed proposal at subsequent Board meetings for approval and funding, following the steps described on paragraph 43 above.
48. 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.

#### **Project/Programme Formulation Grants**

49. 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.
50. Only activities related to country costs are eligible for funding through a PFG.
51. The project/programme proponent shall return any unused funds to the Trust Fund through the trustee.
52. The project/programme proponent shall submit a fully developed project/programme document within twelve (12) months of the disbursement of the PFG. No PFG for other projects/programmes can be awarded until the fully developed project/programme document has been submitted.

#### **Transfer of funds**

53. 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.

54. 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.
55. 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.
56. 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.
57. If an implementing entity does not sign the standard legal agreement within four (4) months from the date of notification of the approval of the project/programme proposal, the funds committed for that project/programme will be cancelled and retained in the Trust Fund for new commitments.

### **Monitoring, Evaluation and Review**

58. The Board is responsible for strategic oversight of projects and programmes implemented with resources from the Fund, in accordance with its overarching strategic results framework, a *Strategic Results Framework for the Adaptation Fund* and the *Adaptation Fund Level Effectiveness and Efficiency Results Framework* [Available: <http://www.adaptation-fund.org/document/results-framework-and-baseline-guidance-project-level>], to support the *Strategic Priorities, Policies, and Guidelines of the Adaptation Fund*. The Ethics and Finance Committee (EFC), with support of the Secretariat, will monitor the Fund portfolio of projects and programmes.
59. The Board will oversee results at the fund-level. Implementing entities shall ensure that capacity exists to measure and monitor results of the executing entities at the country-level. The Board requires that projects and programmes under implementation submit annual status reports to the EFC. The EFC with the support of the Secretariat shall provide an annual report to the Board on the overall status of the portfolio and progress towards results.
60. All regular projects and programmes that complete implementation will be subject to terminal evaluation by an independent evaluator selected by the implementing entity. All small projects and programmes shall be subject to terminal evaluation if deemed appropriate by the Board. Terminal evaluation reports will be submitted to the Board after a reasonable time after project termination, as stipulated in the project agreement.
61. The Board requires that all projects' and programmes' objectives and indicators align with the Fund's Strategic Results Framework. Each project/programme will embed relevant indicators from the strategic framework into its own results framework. Not all indicators will be applicable to all projects/programmes but at least one of the core outcome indicators should be embedded.
62. The Board reserves the right to carry out independent reviews, evaluations of the projects and programmes as and when deemed necessary. The costs for such activities

will be covered by the Fund. Lessons from evaluations will be considered by the PPRC when reviewing project/programme proposals.

63. The Board has approved *Guidelines for project/programme final evaluations*. [Available: <http://www.adaptation-fund.org/document/guidelines-projectprogramme-final-evaluations>]. 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.
64. 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 39 above.
65. 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 updates on actions taken to address any illegal or corrupt practice involving the Fund's funds.
66. This project cycle will be kept under review by the Board.

### **Procurement**

67. Procurements by the implementing entities or any of their attached organizations shall be performed in accordance with internationally accepted procurement principles, good procurement practices and the procurement regulations as applicable to a given Party. Implementing entities shall observe the highest ethical standards during the procurement and execution of the concrete adaptation projects/programmes.
68. The project/programme proposal submitted to the Board shall contain adequate and effective means to punish and prevent malpractices. The implementing entities should promptly inform the Board of any instances of such malpractices.

### **Project/Programme Suspensions and Cancellations**

69. 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.
70. 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.

71. 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.
72. 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**

73. 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**

74. 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.
75. 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**

76. Every project/programme proposal submitted to the Board shall state the management fee requested by the Implementing Entity if any. Fully developed proposals shall include a budget on fee use. The reasonability of the fee will be reviewed on a case by case basis. The requested fee shall not exceed the cap established by the Board.
77. Fully developed project/programme proposals shall include an explanation and a breakdown of all administrative costs associated with the project/programme, including the execution costs.

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

78. All requests shall be sent to:  
  
Adaptation Fund Board Secretariat  
Tel: +1 202 473 0508  
Fax: +1 202 522 3240/5  
Email: afsec@adaptation-fund.org
79. Acknowledgment of the receipt shall be sent to the proposing implementing entities within a week of the receipt of the request for support. All project proposals submitted will be posted on the website of the Adaptation Fund Board. The Secretariat will provide

facilities that will enable interested stakeholders to publicly submit comments about proposals.

**Review of the Operational Policies and Guidelines**

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



ADAPTATION FUND

## **REQUEST FOR PROJECT/PROGRAMME FUNDING FROM THE ADAPTATION FUND**

The annexed form should be completed and transmitted to the Adaptation Fund Board Secretariat by email or fax.

Please type in the responses using the template provided. The instructions attached to the form provide guidance to filling out the template.

Please note that a project/programme must be fully prepared (i.e., fully appraised for feasibility) when the request is submitted. The final project/programme document resulting from the appraisal process should be attached to this request for funding.

Complete documentation should be sent to:

The Adaptation Fund Board Secretariat  
1818 H Street NW  
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## ADAPTATION FUND

# PROJECT/PROGRAMME PROPOSAL TO THE ADAPTATION FUND

## PART I: PROJECT/PROGRAMME INFORMATION

Project/Programme Category:

Country/ies:

Title of Project/Programme:

Type of Implementing Entity:

Implementing Entity:

Executing Entity/ies:

Amount of Financing Requested: (in U.S Dollars Equivalent)

### Project / Programme Background and Context:

*Provide brief information on the problem the proposed project/programme is aiming to solve. Outline the economic social, development and environmental context in which the project would operate.*

### Project / Programme Objectives:

*List the main objectives of the project/programme.*

### Project / Programme Components and Financing:

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

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

Project/Programme Components	Expected Concrete Outputs	Expected Outcomes	Amount (US\$)
1.			
2.			
3.			
4.			
5.			
6. Project/Programme Execution cost			
7. Total Project/Programme Cost			
8. Project/Programme Cycle Management Fee charged by the Implementing Entity (if applicable)			
<b>Amount of Financing Requested</b>			

## Projected Calendar:

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

Milestones	Expected Dates
Start of Project/Programme Implementation	
Mid-term Review (if planned)	
Project/Programme Closing	
Terminal Evaluation	

## PART II: PROJECT / PROGRAMME JUSTIFICATION

- A. Describe the project / programme components, particularly focusing on the concrete adaptation activities of the project, and how these activities contribute to climate resilience. For the case of a programme, show how the combination of individual projects will contribute to the overall increase in resilience.
  
- B. Describe how the project / programme provides economic, social and environmental benefits, with particular reference to the most vulnerable communities, and vulnerable groups within communities, including gender considerations. Describe how the project / programme will avoid or mitigate negative impacts, in compliance with the Environmental and Social Policy of the Adaptation Fund.
  
- C. Describe or provide an analysis of the cost-effectiveness of the proposed project / programme.

- D. Describe how the project / programme is consistent with national or sub-national sustainable development strategies, including, where appropriate, national or sub-national development plans, poverty reduction strategies, national communications, or national adaptation programs of action, or other relevant instruments, where they exist.
  
- E. Describe how the project / programme meets relevant national technical standards, where applicable, such as standards for environmental assessment, building codes, etc., and complies with the Environmental and Social Policy of the Adaptation Fund.
  
- F. Describe if there is duplication of project / programme with other funding sources, if any.
  
- G. If applicable, describe the learning and knowledge management component to capture and disseminate lessons learned.
  
- H. Describe the consultative process, including the list of stakeholders consulted, undertaken during project preparation, with particular reference to vulnerable groups, including gender considerations, in compliance with the Environmental and Social Policy of the Adaptation Fund.
  
- I. Provide justification for funding requested, focusing on the full cost of adaptation reasoning.
  
- J. Describe how the sustainability of the project/programme outcomes has been taken into account when designing the project / programme.
  
- K. Provide an overview of the environmental and social impacts and risks identified as being relevant to the project / programme.

Checklist of environmental and social principles	No further assessment required for compliance	Potential impacts and risks – further assessment and management required for compliance
<i>Compliance with the Law</i>		
<i>Access and Equity</i>		
<i>Marginalized and Vulnerable Groups</i>		
<i>Human Rights</i>		
<i>Gender Equity and Women’s Empowerment</i>		
<i>Core Labour Rights</i>		
<i>Indigenous Peoples</i>		
<i>Involuntary Resettlement</i>		
<i>Protection of Natural Habitats</i>		
<i>Conservation of Biological Diversity</i>		
<i>Climate Change</i>		
<i>Pollution Prevention and Resource Efficiency</i>		
<i>Public Health</i>		
<i>Physical and Cultural Heritage</i>		
<i>Lands and Soil Conservation</i>		

## PART III: IMPLEMENTATION ARRANGEMENTS

- A. Describe the arrangements for project / programme implementation.
- B. Describe the measures for financial and project / programme risk management.
- C. Describe the measures for environmental and social risk management, in line with the Environmental and Social Policy of the Adaptation Fund.
- D. Describe the monitoring and evaluation arrangements and provide a budgeted M&E plan.

E. Include a results framework for the project proposal, including milestones, targets and indicators.

F. Demonstrate how the project / programme aligns with the Results Framework of the Adaptation Fund

Project Objective(s) <sup>1</sup>	Project Objective Indicator(s)	Fund Outcome	Fund Outcome Indicator	Grant Amount (USD)
Project Outcome(s)	Project Outcome Indicator(s)	Fund Output	Fund Output Indicator	Grant Amount (USD)

G. Include a detailed budget with budget notes, a budget on the Implementing Entity management fee use, and an explanation and a breakdown of the execution costs.

H. Include a disbursement schedule with time-bound milestones.

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<sup>1</sup> The AF utilized OECD/DAC terminology for its results framework. Project proponents may use different terminology but the overall principle should still apply

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

**A. Record of endorsement on behalf of the government<sup>2</sup>** *Provide the name and position of the government official and indicate date of endorsement. If this is a regional project/programme, list the endorsing officials all the participating countries. The endorsement letter(s) should be attached as an annex to the project/programme proposal. Please attach the endorsement letter(s) with this template; add as many participating governments if a regional project/programme:*

<i>(Enter Name, Position, Ministry)</i>	<i>Date: (Month, day, year)</i>
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**B. Implementing Entity certification** *Provide the name and signature of the Implementing Entity Coordinator and the date of signature. Provide also the project/programme contact person's name, telephone number and email address*

<p>I certify that this proposal has been prepared in accordance with guidelines provided by the Adaptation Fund Board, and prevailing National Development and Adaptation Plans (.....list here.....) and subject to the approval by the Adaptation Fund Board, <u>commit to implementing the project/programme in compliance with the Environmental and Social Policy of the Adaptation Fund</u> and on the understanding that the Implementing Entity will be fully (legally and financially) responsible for the implementation of this project/programme.</p>	
<p><i>Name &amp; Signature</i> Implementing Entity Coordinator</p>	
<i>Date: (Month, Day, Year)</i>	<i>Tel. and email:</i>
<i>Project Contact Person:</i>	
<i>Tel. And Email:</i>	

<sup>6</sup> Each Party shall designate and communicate to the secretariat the authority that will endorse on behalf of the national government the projects and programmes proposed by the implementing entities.

## **INSTRUCTIONS FOR PREPARING A REQUEST FOR PROJECT OR PROGRAMME FUNDING FROM THE ADAPTATION FUND**

Project and programme proposals must be clear on the adaptation challenge to be addressed, the objective(s), what the project/programme will deliver when, how and by whom. Clear baselines, milestones, targets and indicators should be included to ensure progress and results can be measured<sup>1</sup>. Programmes will generally be more complex and will require greater oversight and management which should be properly explained under Implementation Arrangements for programmes.

**DATE OF RECEIPT.** Please leave this space on the top right of the page blank. The Adaptation Fund Board Secretariat will fill in the date on which the proposal is received at the Secretariat.

**ADAPTATION FUND PROJECT ID.** Please leave this space on the top right of the page blank. The Adaptation Fund Board Secretariat will assign a number to your project/programme internally.

### **PART I: PROJECT / PROGRAMME INFORMATION**

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

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

A programme will generally fulfil the following criteria: A series of projects which could include small-size projects or regular projects aimed at achieving an outcome that is otherwise not achievable by a single project. Projects under a programme would have synergies in their objectives and implementation. A programme may also cover more than one sector and geographic location. Programmes usually engage multiple partners / stakeholders and are able to achieve a greater degree of cost-efficiency through coordination and feedback of the programme's components.

**COUNTRY/IES:** Please insert the name of the country requesting the grant.

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<sup>1</sup> For detailed guidance on project indicators, targets and baselines, please consult the "[AF Results Framework and Baseline Guidance – Project level](#)" document

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

**TYPE OF REQUESTING ENTITY:** Please specify which type of Implementing Entity the project/programme will be managed by. The three options are:

- A) NATIONAL IMPLEMENTING ENTITY**
- B) MULTILATERAL IMPLEMENTING ENTITY**
- C) REGIONAL IMPLEMENTING ENTITY**

**NAME OF IMPLEMENTING ENTITY:** Please specify the name of the Implementing Entity

**EXECUTING ENTITY(IES).** Please specify the name of the organisation(s) that will execute the project/programme funded by the Adaptation Fund under the oversight of the Implementing Entity.

**AMOUNT OF FINANCING REQUESTED.** Please fill the grant amount (in US Dollars equivalent) requested from the Adaptation Fund for this proposal.

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

**PROJECT / PROGRAMME OBJECTIVES.** List the main objectives of the project/programme. The objectives have to be aligned with the Adaptation Fund Results Framework and, in the case of fully-developed project/programme documents, specify this alignment at outcome level. For the case of a programme, this is likely to involve multiple objectives by stakeholder / sector / region, based on an overall strategic plan at the regional, national or local level.

**PROJECT / PROGRAMMES COMPONENTS AND FINANCING.** Please fill out the table presenting the project components, activities, expected concrete outputs, and their corresponding budgets to accomplish them. For fully-developed project/programme documents, the budget is required at the output level. Please also indicate the budget for execution costs and project cycle management fee. For the case of a programme, individual components are likely to refer to specific sub-sets of stakeholders, regions, and/or sectors that can be addressed through a set of well-defined interventions / projects.

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

**PROJECT / PROGRAMME COMPONENTS.** The division of the project/programme 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. For the case of programmes, list the types and number of projects that the programme will support.

**MILESTONES / TARGETS.** Milestones help with regular monitoring of progress towards the target. Targets indicate the desired result at the end of the project.<sup>2</sup>

**INDICATORS** – What is going to be measured to assess if targets are met?<sup>3</sup>

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

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

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

**PROJECT / PROGRAMME EXECUTION COST<sup>4</sup>.** The main items supported by the Adaptation Fund for project management including consultant services, travel and office facilities, etc.

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

**IMPLEMENTING ENTITY PROJECT CYCLE MANAGEMENT FEE<sup>5</sup>.** This is the fee that is requested by an Implementing Entity for project cycle management services.

**AMOUNT OF FINANCING REQUESTED.** This amount includes the total project cost plus the project cycle management fee.

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<sup>2</sup> Please see document "[AF Results Framework and Baseline Guidance – Project level](#)"

<sup>3</sup> Ibid

<sup>4</sup> Please note that project/programme execution costs should not be more than 9.5% of the total budget requested, before the implementing entity fees. In the case of an implementing entity acting as the executing entity for a project/programme, execution costs are capped at 1.5% of the total budget requested, before the implementing entity fees.

<sup>5</sup> The project cycle management fees should not be more than 8.5% of the total budget requested. For more information on these fees, see document "[Administrative and execution costs: Analysis of current rules and comparison of practices with other funds](#)"

**PROJECTED CALENDAR.** Please indicate the dates of the following milestones for the proposed project.

**START OF PROJECT / PROGRAMME IMPLEMENTATION** The date on which project becomes effective. For AF projects/programmes, the date of the inception workshop or similar is considered the start date of the project.

**MID-TERM REVIEW.** The date on which the Implementing Entity completes its mid-term review of the project/programme. Mid-Term Review is required for projects with duration of over three years.<sup>6</sup>

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

**FINAL EVALUATION.** The date on which the Implementing Entity completes the final evaluation report, normally two months after project/programme completion but in any case, no later than nine months after project/programme completion.

## **PART II: PROJECT / PROGRAMME JUSTIFICATION**

**A. Describe the project / programme components, particularly focusing on the concrete adaptation activities of the project, and how these activities contribute to climate resilience. For the case of a programme, show how the combination of individual projects will contribute to the overall increase in resilience.**

Describe how the activities will help with adaptation to climate change and improve climate resilience. For the case of a programme, show how the combination of individual projects will contribute to the overall increase in resilience. Decision 10/CP.7 establishing the Adaptation Fund stipulates that it shall finance concrete adaptation projects and programmes. In the [AF Operational Policies and Guidelines](#), a concrete adaptation project is defined as “a set of activities aimed at addressing the adverse impacts of and risks posed by climate change. The activities shall aim at producing visible and tangible results on the ground by reducing vulnerability and increasing the adaptive capacity of human and natural systems to respond to the impacts of climate change, including climate variability. Adaptation projects/programmes can be implemented at the community, national, regional and transboundary level. Projects/programmes concern activities with a specific objective(s) and concrete outcome(s) and output(s) that are measurable, monitorable, and verifiable.”

The project objective has to be aligned with the Adaptation Fund Results Framework. The project/programme activities should align with its overall goal and objectives hence ensuring the cohesion of the components among themselves. It should be distinguished from a “business-as-

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<sup>6</sup> Please see document “[AF Results Framework and Baseline Guidance – Project level](#)”

usual” development or environmental protection project by clearly demonstrating that the proposed adaptation measures are suited or adequate for the identified climate threats. The project/programme proposal should therefore explain the project rationale in relation to the climate scenario(s) outlined in the background and context section. Finally, the non-climatic barriers to achieving the project objective, whenever relevant, should be taken into account when designing the project/programme.

*For a fully developed proposal, the activities will have to be detailed to a sufficient level and their appropriateness in responding to the threats posed by the likely climate scenarios should be outlined in detail in the background and context section and quantified in terms of magnitude and uncertainty. The description should include information on project location and scope, and should have clearly defined activities including technical specifications, where appropriate. For a fully developed proposal, the alignment with Adaptation Fund fund-level objectives has to be specified at the project/programme outcome level as described in the document “AF Results Framework and Baseline Guidance – Project level”.*

**B. Describe how the project / programme provides economic, social and environmental benefits, with particular reference to the most vulnerable communities, and vulnerable groups within communities, including gender considerations. Describe how the project / programme will avoid or mitigate negative impacts, in compliance with the Environmental and Social Policy of the Adaptation Fund (the Environmental and Social Policy).**

The proposal should include information on the expected beneficiaries of the project/programme, with particular reference to the equitable distribution of benefits to vulnerable communities, households, and individuals. In target areas where minority groups and indigenous communities have been identified, particular benefits provided by the project/programme to those groups should be outlined.

*For a fully developed proposal, the estimated benefits will have to be quantified, whenever possible. In addition, if there is any concern of negative development or maladaptation in any of these areas, relevant evidence would need to be referenced, with specific studies if necessary. Projects/programmes supported by the Fund shall not increase the vulnerability of beneficiaries or non-beneficiaries, nor reduce their capacity to adapt to climate change. Any risk of marginalization of minority groups or indigenous people should be ruled out. All proposed projects/programmes shall demonstrate compliance with the environmental and social principles as outlined in the Environmental and Social Policy.*

**C. Describe or provide an analysis of the cost-effectiveness of the proposed project / programme.**

The proposal should provide a logical explanation of the selected scope and approach. The cost effectiveness should also be demonstrated from a sustainability point of view.

*For a fully developed proposal, a clear description of alternative options to the proposed measures should be provided, to allow for a good assessment of the project/programme cost effectiveness. The proposal should compare to other possible interventions that could have taken place to help adapt and build resilience in the same sector, geographic region, and/or community. Quantitative estimates of cost-effectiveness are required only where feasible and useful.*

**D. Describe how the project / programme is consistent with national or sub-national sustainable development strategies, including, where appropriate, national or sub-national development plans, poverty reduction strategies, sector strategies, national communications, or national adaptation programs of action, or other relevant instruments, where they exist.**

The relevant plans and strategies have to be identified. This includes as a minimum the most important adaptation-related plans and strategies and the most important relevant sectoral plans and strategies in the country.

*For a fully developed proposal, the compliance of the project/programme with the relevant plans and strategies has to be explained in detail.*

**E. Describe how the project / programme meets relevant national technical standards, where applicable, such as standards for environmental assessment, building codes, etc., and complies with the Environmental and Social Policy**

The relevant national technical standards need to be identified, and compliance stated in a logical manner. These standards include Environmental Impact Assessments (EIAs), building codes, water quality regulations, and sector-specific regulations. Regarding EIAs, all proposed projects/programmes shall undertake a screening of environmental and social risks and demonstrate compliance with the environmental and social principles as outlined in the Environmental and Social Policy.

*For a fully developed proposal, compliance with relevant technical standards needs to be explained in detail, addressing environmental assessments, building codes, and land use or tenure regulations, as required by national legislation. If one specific activity of the project/programme requires compliance with technical standards, the legal source of the requirement, the steps taken to comply with it and the nature of the authorization/clearance granted for the project to be implemented will have to be explained. Overall, the designed project/programme shall comply with the environmental and social principles as outlined in the Environmental and Social Policy. For projects/programmes that have the potential to cause environmental or social harm, an environmental and social assessment shall be prepared, that identifies any environmental or social risks. The assessment shall consider (i) all potential direct, indirect, transboundary, and cumulative impacts and risks that could result from the proposed project/programme; (ii) assess alternatives to the project/programme; and (iii) assess possible measures to avoid, minimize, or mitigate environmental and social risks of the proposed project/programme. If feasible, the environmental and social assessment shall be included in the project/programme proposal submitted to the AF. Where this is not feasible, a timeline for*

*completing the environmental and social assessment before substantial construction begins shall be incorporated in the agreement between the Board and the IE following the project/programme's approval. A copy of the environmental and social assessment shall be provided to the secretariat as soon as the assessment is completed. Prior to submitting the environmental and social assessment to the Board, the AF secretariat may require further information from the IE on the environmental and social assessment, mitigation, and management of risks, if deemed necessary. Finally, in considering compliance with national technical standards, the time required to get clearance using national procedures may be as important a factor as compliance itself, as lengthy procedures may significantly hinder implementation of overly ambitious plans.*

**F. Describe if there is duplication of project / programme with other funding sources, if any.**

All relevant potentially overlapping projects / programmes need to be identified, and lack of overlap / complementarity stated in a logical manner.

*For a fully developed proposal, the linkages and synergies with all relevant potentially overlapping projects / programmes need to be clearly outlined, avoiding evasive wording, including areas of overlap and complementarity, drawing lessons from the earlier initiatives during the project design, learning from their problems/mistakes, and establishing a framework for coordination during implementation.*

**G. If applicable, describe the learning and knowledge management component to capture and disseminate lessons learned.**

Activities related to knowledge management (KM) and dissemination of lessons learned have to be included. They can be grouped in a single component or part of a larger component.

The Adaptation Fund has included knowledge management as part of its Results-Based Management Framework at the Fund level. Project/programme proponents must therefore systematically keep track of experiences gained from their project and analyze them periodically both to enrich the global, national and local knowledge on climate change adaptation and to accelerate understanding about what kinds of interventions work. Key factors of success of a project KM strategy include adaptive management and the development of learning objectives and indicators.

Knowledge sharing tools include websites, regular weekly or daily blog posts, or social media streams (twitter, Facebook, etc.) reflecting on progress, lessons, plans, milestone events and other aspects of the project or programme that enable implementers to simultaneously engage in knowledge sharing and publicity/communications. Complementary products that can be integrated into knowledge streams include videos, photos, voice recordings, and PowerPoint presentations. In addition to KM tools, complementary communications activities such as the development and implementation of a media outreach strategy can be included.

The target for such KM and media outreach strategies should be identified at the full proposal stage and examples of tools to be applied (sponsored radio and TV shows, media interviews, development of community radio, newsletter, mailing lists etc) should be provided.

*For a fully developed proposal, the KM and dissemination of lessons learned component has to be explained in detail. For additional guidance on the type of KM activities and indicators, please refer to Section 3 (p.27) of the [“AF Results Framework and Baseline Guidance – Project level”](#) document.*

**H. Describe the consultative process, including the list of stakeholders consulted, undertaken during project preparation, with particular reference to vulnerable groups, including gender considerations.**

At the concept stage, an initial consultative process has to take place, with key stakeholders of the project/programme. Depending on the level of involvement of local communities or governments, private sector, CSOs or universities/research centres in the execution of the project/programme, those stakeholders may or may not be consulted at the concept stage. In project/programme target areas where minority groups and indigenous peoples have been identified, they should be consulted at the concept stage and their interests or concerns taken into account when designing the proposal. Where Project Formulation Grants (PFG) are accessed, these should also be used to facilitate a comprehensive stakeholder consultation process in the project preparation phase.

*For a fully developed proposal, a comprehensive consultative process has to take place, and shall involve all direct and indirect stakeholders of the project/programme, including vulnerable groups and taking into account gender considerations. All the stakeholders involved in the consultation process shall be identified in the project/programme proposal. A particular attention should be given to minority groups, marginalized and vulnerable groups, and indigenous people in the project/programme target areas, where relevant. The results of the consultative process must be reflected in the project design. Under extraordinary circumstances, the consultation of a specific stakeholder can be deferred to the implementation stage, if it enables a more effective consultation (e.g. if beneficiaries for specific activities have not been identified yet). However, if the project specifically targets the most vulnerable groups, they will have to be identified and consulted by the time of submission.*

To comply with the Environmental and Social Policy, stakeholders shall be identified and involved as early as possible in planning any project/programme that may be supported by the Fund. If as a result of the screening process of the project/programme proponent identifies any potential environmental and social impacts and risks, an environmental and social assessment, and eventually an environmental and social management plan shall be required, in compliance with the environmental and social policy. The results of the environmental and social screening and a draft environmental and social assessment, including any proposed management plan, shall be made available for public consultations that are timely, effective, inclusive, and held free of coercion and in an appropriate way for communities that are directly affected by the proposed project/programme.

*The implementation arrangement should include a framework allowing for stakeholders' views to be heard during project implementation. Whenever possible, a strategy and timetable for sharing information and consulting with each of the stakeholder groups during project implementation should be provided. Adequate facilitation measures (e.g. travel costs) should be budgeted to minimise barriers for involvement of key stakeholders where these impede their participation.*

*The documentation of the consultative process should at least contain a) the list of stakeholders already consulted (principles of choice, role ascription, date of consultation), b) a description of the consultation techniques (tailored specifically per target group), c) the key consultation findings (in particular suggestions and concerns raised).*

**I. Provide justification for funding requested, focusing on the full cost of adaptation reasoning.**

The Adaptation Fund does not require co-financing for the projects/programmes it funds. The principal and explicit aim of the project/programme should be to adapt and to increase resilience of a specific system or communities, to the adverse effects of climate change and variability. Therefore, the proposal should demonstrate that the project/programme activities are relevant in addressing its adaptation objectives and that, taken solely, without additional funding from other donors, they will help achieve these objectives. Although co-financing is not required, it is possible and often cost-effective to implement Adaptation Fund projects in parallel with projects funded from other sources. In such a situation, the Adaptation Fund project should be able to deliver its outcomes and outputs regardless of the success of the other project(s). It is possible to include activities which, taken out of context, could be considered "business-as-usual" development but these should be justified in the context of achieving the adaptation goals of the project.

*For a fully developed proposal, the full cost of adaptation reasoning should be more detailed and demonstrated for each component of the project/programme. If necessary, a comparison of a baseline situation and a with-project scenario for each component of the project/programme can be undertaken (e.g. in the case of a proposal aiming at "climate-proofing" a specific sector).*

**J. Describe how the sustainability of the project/programme outcomes has been taken into account when designing the project / programme.**

The adaptation benefits achieved with the help of the project/programme should be sustained after its end, and should enable replication and scaling up with other funds after its end. The proposal should explain the arrangements through which this would be achieved, taking into account sustainability and maintenance of any infrastructure or installations to be developed, policies and governance arrangements to be developed and implemented, knowledge to be generated, management and other capacity to be improved, etc. All key areas of sustainability should be addressed, including but not limited to economic, social, environmental, institutional, and financial.

**K. Provide an overview of the environmental and social impacts and risks identified as being relevant to the project / programme.**

In accordance with the Environmental and Social Policy, all proposed projects/programmes shall identify potential environmental and social impacts and risks. The screening process shall consider all potential direct, indirect, transboundary, and cumulative impacts and risks that could result from the proposed project/programme.

The proposal should state the category in which the screening process has classified the project/programme. Projects/programmes likely to have significant adverse environmental or social impacts that are for example diverse, widespread, or irreversible should be categorized as Category A projects/programmes. Projects/programmes with potential adverse impacts that are less adverse than Category A projects/programmes, because for example they are fewer in number, smaller in scale, less widespread, reversible or easily mitigated should be categorized as Category B. Those projects/programmes with no adverse environmental or social impacts should be categorized as Category C.

The screening will determine whether or not the project/programme requires further environmental and social assessment, mitigation, and management. The checklist provided in the Request for Project/Programme Funding document template shall be completed, indicating which environmental and social impacts and risks are triggered by the project/programme as requiring more detailed environmental and social assessment, and which impacts and risks do not require any further assessment, to achieve full compliance with the Environmental and Social Policy.

**PART III: IMPLEMENTATION ARRANGEMENTS<sup>7</sup>.** Describe the various elements of project implementation as enumerated below:

**A. Adequacy of project / programme management arrangements.**

The implementation arrangements should include a clear description of the roles and responsibilities of the implementing entity as well as any executing entity or organizations/stakeholders that are involved in the project. If necessary, provide a full organization chart showing how they report to each other.

Implementing entities should generally not provide execution services. On an exceptional basis, and at the written request by the recipient country, involving designated authorities in the process, and providing rationale for such a request, they may be authorized to do so. In such case, the responsibility for these services have to be stipulated, their budget estimated in the fully developed project/programme document, and covered by the execution costs budget of the project/programme.

When an entity intends to serve both as the implementing entity and the executing entity for a project/programme, the same rules as above apply, and the execution costs are capped at 1.5% of the total budget requested, before the implementing entity fees.

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<sup>7</sup> Note: This section is not required for a project/programme concept document

In the case of a programme, explain how the programme strategy will be managed and evaluated, and how individual projects have been identified, designed, appraised, approved, implemented and evaluated against programme's strategic objectives. The implementation arrangements should be cost-effective and efficient, and country-ownership should always be privileged.

**B. Measures for financial and project / programme risk management.**

The proposal shall identify all major risks, consider their significance, and include a plan of monitoring and mitigating them. It should provide a table with detailed information on the different categories of risks (i.e. financial, environmental, social, institutional...), their level and how they will be managed.

**C. Describe the measures for environmental and social risk management, in line with the Environmental and Social Policy.**

The proposal shall identify all major environmental and social risks, consider their significance, and include a plan of monitoring and mitigating them.

For all projects/programmes that have the potential to cause environmental or social harm (i.e. all Category A and B projects/programmes), the implementing entity shall prepare an environmental and social assessment that identifies any environmental or social risks, including any potential risks associated with the Fund's environmental and social principles set forth in the Environmental and Social Policy. The assessment shall (i) consider all potential direct, indirect, transboundary, and cumulative impacts and risks that could result from the proposed project/programme; (ii) assess alternatives to the project/programme; and (iii) assess possible measures to avoid, minimize, or mitigate environmental and social risks of the proposed project/programme.

As a general rule, the environmental and social assessment shall be completed before the project/programme proposal submission to the Adaptation Fund, and its findings included in the proposal document. In some Category B projects/programmes where the proposed activities requiring such assessment represent a minor part of the project, and when inclusion in the proposal is not feasible, a timeline for completing the environmental and social assessment before construction begins shall be incorporated in the agreement between the Board and the implementing entity following the project/programme approval, and reported through the annual project/programme performance report. A copy of the environmental and social assessment shall be provided to the secretariat as soon as the assessment is completed. Prior to submitting the environmental and social assessment to the Board, the secretariat may require further information from the implementing entity on the environmental and social assessment, mitigation, and management of risks, if deemed necessary.

Where the environmental and social assessment undertaken during project/programme preparation identifies environmental or social risks, the proposal should include an environmental and social management plan that identifies those measures necessary to avoid, minimize, or mitigate the potential environmental and social risks.

#### **D. Monitoring and evaluation arrangements including budgeted M&E plan.**

The proposal should include a budgeted M&E plan, which should be in compliance with the AF M&E guidelines<sup>8</sup>.

In accordance with the Environmental and Social Policy, Monitoring and Evaluation of projects/programmes shall address all environmental and social risks identified during project/programme assessment, design, and implementation. The annual project/programme performance reports (PPRs) shall include a section on the status of implementation of any environmental and social management plan, including those measures required to avoid, minimize, or mitigate environmental and social risks. The reports shall also include, if necessary, a description of any corrective actions that are deemed necessary. The mid-term and terminal evaluation reports shall also include an evaluation of the project/programme's performance with respect to environmental and social risks.

#### **E. Provide a results framework for the project proposal, including milestones, targets and indicators.**

The proposal should include a results framework with realistic, quantified expected results. Whenever possible, the indicators and targets should be disaggregated by sex. More guidelines on preparing the project/programme results framework, including a list of standard AF indicators, can be found in the "[AF Results Framework and Baseline Guidance – Project level](#)" document.

#### **F. Demonstrate how the project / programme aligns with the Results Framework of the Adaptation Fund**

Any project or programme funded through the AF must align with the Fund's results framework and directly contribute to the Fund's overall objective and outcomes outlined. Not every project/programme outcome will align directly with the Fund's framework but at least one outcome and output indicator from the Adaptation Fund's Strategic Results Framework must be included at the project design stage.

Project proponents shall fill out the table provided in the "Request for Project/Programme Funding" document to directly link, where relevant, project objectives and outcomes to the Fund level outcome and outputs. The AF Results Framework is attached as an Annex to this document.

**Example:** *The following table is an example of how a project's objectives and outcomes could align with the AF's outcome and output indicators*

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<sup>8</sup> See section on reporting process requirements in the AFB/EFC.7/4.Rev.2 document "[Annual Performance Report](#)". See also the "[AF Evaluation Framework](#)", the "[AF Results Framework and Baseline Guidance – Project level](#)" and the "[Guidelines for Project and Programme Final Evaluation](#)" documents.

<b>Project Objective(s)</b>	<b>Project Objective Indicator(s)</b>	<b>Fund Outcome</b>	<b>Fund Outcome Indicator</b>	<b>Grant Amount (USD)</b>
Strengthened ability of coastal communities to undertake concrete actions to adapt to climate change-driven hazards	Number of risk-exposed coastal communities protected through adaptation measures	<u>Outcome 2:</u> Strengthened institutional capacity to reduce risks associated with climate-induced socioeconomic & environmental losses	<u>2.2 No. of people with reduced risk to extreme weather events</u>	500,000
Strengthened ability of coastal communities to make informed decisions about climate change-driven hazards affecting their specific locations	Number of communities with improved climate-related planning and policy frameworks in place	<u>Outcome 3:</u> Strengthened awareness and ownership of adaptation and climate risk reduction processes at local level	<u>3.1 Percentage of targeted population aware of predicted adverse impacts of climate change, and of appropriate responses</u>	250,000
<b>Project Outcome(s)</b>	<b>Project Outcome Indicator(s)</b>	<b>Fund Output</b>	<b>Fund Output Indicator</b>	
Reduced exposure and increased adaptive capacity of coastal communities to flood-related risks and hazards	Number of communities covered by improved warning system and weather information	<u>Output 2.2:</u> Targeted population groups covered by adequate risk reduction systems	<u>2.21. Percentage of population covered by adequate risk-reduction systems</u>	
Improved awareness of adaptation and climate change-related hazards affecting coastal communities	Percentage of population involved in developing improved climate-related planning and policy frameworks	<u>Output 3:</u> Targeted population groups participating in adaptation and risk reduction awareness activities	<u>3.1.1 No. and type of risk reduction actions or strategies introduced at local level</u>	

**G. Include a detailed budget with budget notes, a budget on the Implementing Entity management fee use, and an explanation and a breakdown of the execution costs.**

The proposal should include a detailed budget with budget notes indicating the break-down of costs at the activity level.

**H. Include a disbursement schedule with time-bound milestones.**

The proposal should include a disbursement schedule that includes time-bound milestones relative to project inception and the annual reporting requirement.

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

**A. RECORD OF ENDORSEMENT BY DESIGNATED GOVERNMENT AUTHORITY.**

Provide the name, position, and government office of the designated government authority and indicate date of endorsement. If this is a regional project/programme, list the designated government authorities of all participating countries endorsing the project. The endorsement letter(s) should be attached as an annex to the project/programme proposal.

**B. IMPLEMENTING ENTITY CERTIFICATION.**

Provide the name and signature of the Implementing Entity Coordinator and the date of signature. Provide also the project/programme contact person's name, telephone number.