



ADAPTATION FUND

AFB/PPRC.14-15/1
4 June 2014

Adaptation Fund Board
Project and Programme Review Committee

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

I. BACKGROUND

1. In its twenty-third meeting, the Adaptation Fund Board (the Board) discussed a recommendation made by the Project and Programme Review Committee (PPRC) of the Board, on arranging intersessional review of project and programme proposals. Having considered the comments and recommendation of the PPRC, the Board decided to:

(a) Arrange one intersessional project/programme review cycle annually, during an intersessional period of 24 weeks or more between two consecutive Board meetings, as outlined in document AFB/PPRC.14/13;

(b) While recognizing that any proposal can be submitted to regular meetings of the Board, require that all first submissions of concepts and fully-developed project/programme documents continue to be considered in regular meetings of the PPRC;

(c) Request the secretariat to review, during such intersessional review cycles, resubmissions of project/programme concepts and fully-developed project/programme documents submitted on time by proponents for consideration during such intersessional review cycles;

(d) Request the PPRC to consider intersessionally the technical review of such proposals as prepared by the secretariat and to make intersessional recommendations to the Board;

(e) Consider such intersessionally reviewed proposals for intersessional approval in accordance with the Rules of Procedure;

(f) Inform implementing entities and other stakeholders about the new arrangement by sending a letter to this effect, and make the calendar of upcoming regular and intersessional review cycles available on the Adaptation Fund website and arrange the first such cycle between the twenty-third and twenty-fourth meetings of the Board;

(g) Request the PPRC to defer to the next Board meeting any matters related to the competencies of the Ethics and Finance Committee that may come up during the intersessional review of projects/programmes and to refrain from making a recommendation on such proposals until the relevant matters are addressed; and

(h) Request the secretariat to present, in the fifteenth meeting of the PPRC, and annually following each intersessional review cycle, an analysis of the intersessional review cycle.

(Decision B.23/15)

2. The Board also decided:

(b) That the deadline for submissions for the intersessional project/programme proposal review cycle between the twenty-third and twenty-fourth meetings will be 14 April 2014.

(Decision B.23/28 (b))

3. Pursuant to decision B.23/15 (f), the secretariat sent letters to implementing entities, informing them also of the deadline set in decision B.23/28 (b).
4. This document presents to the PPRC an overview of the project/programme proposals submitted by Implementing Entities (IE) to the first intersessional review cycle twenty-third and twenty-fourth meetings of the Board, and the process of screening and technical review undertaken by the secretariat.
5. The analysis of the proposals mentioned above is contained in a separate addendum to this document.

II. PROJECT/PROGRAMME PROPOSALS SUBMITTED BY IMPLEMENTING ENTITIES

6. Accredited IEs submitted three proposals to the secretariat for intersessional review. Two of the proposals represented re-submissions of previously submitted fully-developed project documents and were thus considered eligible in compliance with decision B.23/15. The third proposal was the first submission of a concept, and was not considered eligible in accordance with the same decision. The total requested funding of the two eligible proposals amounted to US\$ 7,888,850. Both proposals were fully developed project documents, and represented proposals for regular projects, i.e. they request funding exceeding US\$ 1,000,000. The proposals included US\$ 618,016 or 8.5%¹ in Implementing Entities management fees and US\$ \$686,750 or 9.45%² in execution costs.

7. Both eligible proposals were submitted by Multilateral Implementing Entities (MIE), the proposal for Fiji by the United Nations Development Programme (UNDP) and the proposal for Mauritania by World Meteorological Organization (WMO). National (NIE) or Regional (RIE) Implementing Entities did not submit proposals for this intersessional review cycle. Details of these proposals are contained in the separate PPRC working documents, as follows:

AFB/PPRC.14-15/2 Proposal for Fiji (UNDP)

AFB/PPRC.14-15/3 Proposal for Mauritania (WMO)

8. The average funding request for the two regular fully-developed proposals amounts to US\$ 3,944,425, including management fees charged by the IEs. The average management fee request of the two proposals is US\$ 309,000. They do not request management fees in excess of 8.5% and are thus in compliance with Board Decision B.11/16 to cap management fees at 8.5%. In accordance with the same Decision B.11/16, both proponents of fully-developed project documents provide a budget on fee use.

9. Both proposals are in compliance with Board Decision B.13/17 to cap execution costs at 9.5% of the project/programme budget. The execution costs of the two proposals average US\$ 343,375.

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

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

10. Both proposals request funding below the cap of US \$10 million decided on a temporary basis, for each country, as per Decision B.13/23.

11. In the twelfth meeting, the Board instituted a cap of 50 per cent for project funds directed through MIEs, having decided:

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

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

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

(Decision B.12/9)

12. In its seventeenth meeting, having considered the recommendation of the Ethics and Finance Committee (EFC), the Board decided to:

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

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

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

(i) Their date of recommendation by the PPRC;

(ii) Their submission date; and

(iii) The lower "net" cost.

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

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

(Decision B.17/19)

13. In its nineteenth meeting, having considered the comments and recommendations of the PPRC, the Board decided to define the submission date referred to in paragraph (b) of Decision

B.17/19 as the date of the submission of the fully-developed project/programme document to the particular meeting in which it was recommended for approval by the Project and Programme Review Committee.

(Decision B.19/5)

14. Since the nineteenth meeting, the total funding request of project and programme proposals recommended by the PPRC for approval by the Board has exceeded the 50 per cent cap and a pipeline of projects and programmes has been established. Four projects and programmes, for which funding was not available at the nineteenth meeting, were placed in the pipeline in the order of the above prioritization criteria. In subsequent meetings, six additional proposals have been added to the pipeline. As a result of new revenue to the Fund, the Board has been able to intersessionally approve, five of the pipeline projects and programmes. The remaining five project/programmes in the pipeline have a total value of US\$ 38,350,146.

15. If the Board were to decide to place in the pipeline the two fully-developed proposals submitted by MIE to the intersessional review, with the funding request of US\$ 7,888,850, the cumulative funding request of the project/programmes in the pipeline would increase to US\$ 46,238,996.

16. Both fully-developed project/programme documents provide an explanation and a breakdown of their execution costs and other administrative costs, and are in compliance with the following Board Decision made in the twelfth meeting:

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

(Decision B.12/7)

17. In line with the Board request at its tenth meeting, the secretariat shared the initial technical review findings with the Implementing Entities that had submitted the proposals and solicited their responses to specific items requiring clarification. Responses were requested by e-mail, and the time allowed for the Implementing Entities to respond was one week. The Implementing Entities were offered the opportunity to discuss the initial review findings with the secretariat by telephone.

Table 1: Eligible project proposals submitted to the intersessional review cycle between the twenty-third and twenty-fourth Adaptation Fund Board meetings

Country	IE	Financing requested (USD)	Stage	IE Fee, USD	IE Fee, %	Execution Cost (EC), USD	EC, % of Total
Fiji	UNDP	\$5,728,800	Fully developed project document	\$448,800	8.50%	\$499,000	9.45%
Mauritania	WMO	\$2,160,050	Fully developed project document	\$169,216	8.50%	\$187,750	9.43%
Total		\$7,888,850		\$618,016	8.50%	\$686,750	9.45%

18. The secretariat subsequently reviewed the IEs' responses to the clarification requests, and compiled comments and recommendations that are presented in the addendum to this document (AFB/PPRC.14-15/1/Add.1).

III. ISSUES IDENTIFIED DURING THE REVIEW PROCESS

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