



ADAPTATION FUND

AFB/PPRC.14/13
26 February 2014

Adaptation Fund Board
Project and Programme Review Committee
Fourteenth meeting
Bonn, Germany, 18-19 March 2014

Agenda Item 7

OPTIONS FOR INTERSESSIONAL REVIEW AND APPROVAL OF PROJECT AND PROGRAMME PROPOSALS

Note by the secretariat

1. At its seventeenth meeting, the Board considered the issue of the number of meetings per year. At that time, the secretariat presented the document AFB/B.17/5, which outlined the following options for the kinds of project/programme submissions that could be considered intersessionally:

- (a) Any submissions received by an established deadline, or
- (b) Only a certain kind of proposals received by an established deadline, in which case the Board may also want to consider allowing intersessional approval of any or all of the categories below:
 - (i) Project/programme concepts; and/or
 - (ii) Two-step fully developed proposals that have already been endorsed by the Board at previous meetings as concepts, presenting neither significant policy issues nor difficulties that would justify a more in depth discussion at the Project and Programme Review Committee (PPRC). In this case the two-third rule¹ shall apply; and/or
 - (iii) One-step fully developed proposals presenting neither significant policy issues nor difficulties that would justify a more in depth discussion at the PPRC. In this case the two-third rule shall apply.

2. The document AFB/B.17/5 did not make specific recommendations between these options. However, it included a recommendation to request the secretariat to present to the Board a calendar of cut-off dates and approval dates related to intersessional decisions.

3. At the seventeenth meeting, after discussing issues related to the number of meetings per year, the Board decided to:

[...]

- (a) *Consider at a subsequent meeting whether to allow intersessional approval of:*
 - (i) *Any submissions received by an established deadline, or*
 - (ii) *Only certain kinds of proposals received by an established deadline.*

[...]

(Decision B.17/28)

4. At its twenty-first meeting, the Board considered a proposal made by the Chair to reduce the number of Board meetings per year from three to two. In putting forward his proposal in that meeting, the Chair remarked that the Board now had good administrative procedures in place,

¹ Two-third rule refers to the requirement of no objections from two thirds of Board members for the intersessional approval of decisions with financial implications, in accordance with the Rules of Procedure of the Adaptation Fund Board.

and was working efficiently to complete the agenda of its meetings without difficulty. It was also making efficient use of the intersessional periods. The Chair also pointed to the expectation that the number of project and programme submissions in 2014 would be largely the same as in 2013, and that the Board meetings represented a high cost at the present time of financial constraint. The Chair further noted that the issue could be revisited if and when the volume of business to be transacted increased.

5. Having considered the proposal from the Chair, the Board decided to:

(a) Hold two Board meetings per year in accordance with the Rules of Procedure of the Board;

(b) Request the secretariat to present to the Project and Programme Review Committee (PPRC) at its thirteenth meeting a document presenting options for intersessional review of, recommendation on, and approval of, project and programme proposals by the secretariat, PPRC and Adaptation Fund Board, respectively;

(c) Continue considering the number of meetings per year on a periodic basis, in accordance with the Rules of Procedure of the Board, taking into account the expected workload of the Board and the need for discussing strategic issues at the Board level.

(Decision B.21/27)

6. At the thirteenth meeting of the PPRC, the secretariat presented the document AFB/PPRC.13/13 which contained two options for the intersessional approval of project and programme proposals and an analysis of the feasibility of the two options. In the meeting, the Committee had a lively discussion, and had concluded that it should take an active role in the intersessional deliberations on the proposals. However, the committee had not been clear on some issues raised in the document prepared by the secretariat, such as the amount of time required for the intersessional review process and the types of proposals that could be reviewed intersessionally, and the committee requested that it be revised to clarify those issues and take into consideration the deliberations of the PPRC at its fourteenth meeting.

7. After considering the conclusions and recommendation of the Project and Programme Review Committee (PPRC), the Adaptation Fund Board decided to:

(a) Recognize the need for intersessional review of project and programme proposals by the secretariat and PPRC, and approval of proposals by the Board, in order that project and programme proponents continue to have the opportunity to present proposals at regular intervals; and

(b) Request the secretariat to prepare a revised options paper on the intersessional review and approval of project and programme proposals, including the process for such reviews and the types of proposals that could be reviewed intersessionally, for consideration by the PPRC at its fourteenth meeting.

(Decision B.22/15)

8. The present paper has been prepared following the above request and represents a focused revision of the previous version, AFB/PPRC.13/13.

Procedures for taking intersessional decisions in lieu of Board meetings

9. Related to intersessional decisions, the Rules of Procedure of the Adaptation Fund Board state that:

56. Decisions without meetings may occur on an extraordinary basis when, in the judgement of the Chair and the Vice-Chair, a decision must be taken by the Board that should not be postponed until the next meeting of the Board. The secretariat, with the approval of the Chair, shall transmit to each member and alternate a proposed decision with an invitation to approve the decision on a no-objection basis.

57. Each member's comments on the proposed decision shall be sent to the secretariat during such period as the secretariat may prescribe, provided that such period is no less than two weeks.

58. At the expiration of the period prescribed for comments, the decision shall be approved unless there is an objection. If a proposed decision has financial implications, approval of the decision will require replies from at least two-thirds of the members. If there is an objection raised by any member to any proposed decision that cannot be resolved, the Chair shall include consideration of the proposed decision as an item on the agenda for the next meeting.

59. Any intersessional decision shall be deemed to have been taken at the headquarters of the UNFCCC secretariat. The secretariat shall inform members and alternates about the decision and post all intersessional decisions on the Adaptation Fund website.

10. The process for review and approval of project and programme proposals submitted to the secretariat by accredited implementing entities is described in the Operational Policies and Guidelines for Parties to Access Resources from the Adaptation Fund (OPG) approved by the Adaptation Fund Board (the Board).

Intersessional recommendation of the PPRC

11. 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, as per paragraphs 44(a) and 46(a) of the OPG. The current arrangement for project/programme review, in accordance with the OPG, comprises a technical review by the secretariat which is presented to the PPRC, which subsequently undertakes its own consideration of the proposal and makes a recommendation to the Board. In the current practice, the secretariat has been mandated to submit proposals to the PPRC not later than one week before the committee meeting, and the committee meeting takes one or two days. Therefore, the PPRC review takes altogether up to nine days.

12. In the proposed intersessional decision-making process, during the intersessional cycles the PPRC would not have direct interaction to discuss the proposals among its members and with the secretariat. It is recognized that commenting intersessionally is likely to take considerably more time than commenting in a face-to-face meeting, and therefore a period of one week is proposed for the Committee members to familiarize themselves with the technical

reviews by the secretariat and to comment on them.² After this, the secretariat would compile the committee members' comments to the reviews, which could take up to one week, and circulate a revised set of recommendations for one further week for the committee's final endorsement on a non-objection basis. If there would be no objections to the draft intersessional recommendation and once approved by the committee, the recommendation would be posted on the Fund's website and circulated to the Board for a period of two weeks, for decision in accordance with the Rules of Procedure. All in all, such an intersessional project/programme review cycle would take up to 13 weeks, compared to nine weeks which is the case with the regular project/programme review cycle. After an intersessional decision, the decision could be communicated effectively immediately to the project/programme proponent.

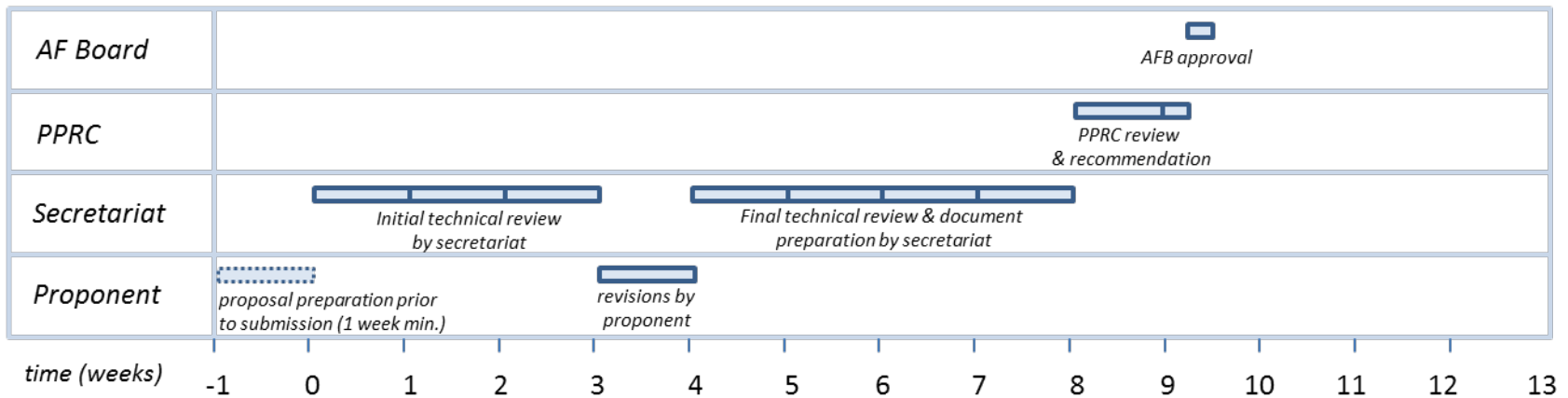
13. When considering the time needed between two meetings for an intersessional review cycle, it is worth noting that in addition to the review cycle itself, when the proposal does not lead to an approval decision, the proponent would need some time, at least one week from receipt of notification of the decision before it could submit a revised proposal reflecting the findings contained in the decision. The same holds true for decisions made in Board meetings. Therefore, being able to arrange both an intersessional review cycle and the regular review cycle between two regular Board meetings would require that the time between the meetings would not be less than 24 weeks (1 + 13 + 1 + 9 weeks).

14. A comparison of the timelines of the existing face-to-face review process and that of the proposed intersessional review process are presented in Figure 1 overleaf.

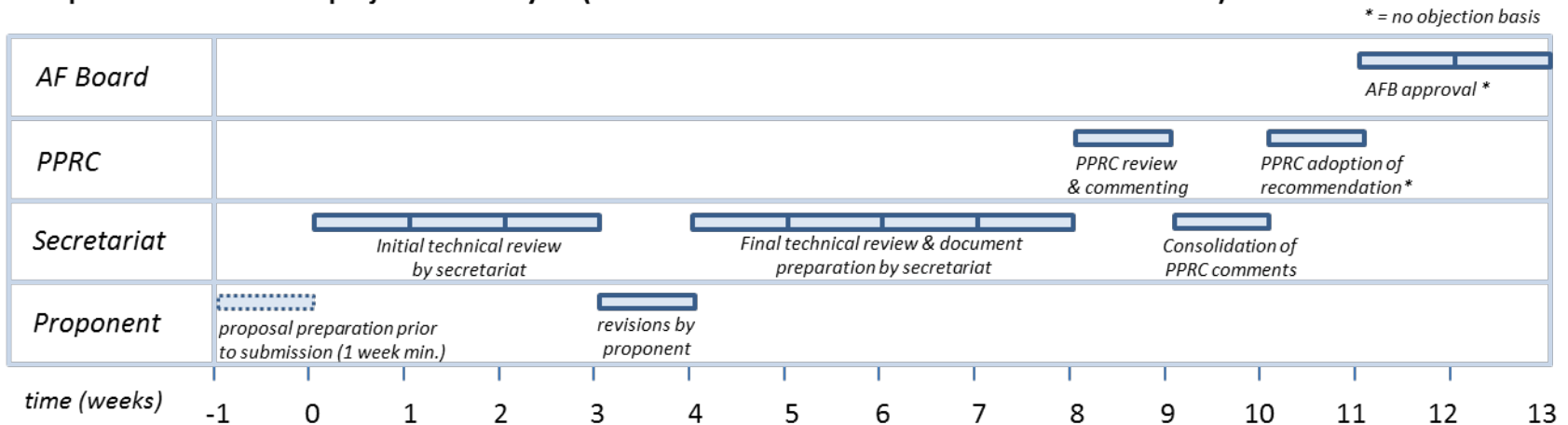
² The committee members would be able to familiarize themselves with the proposals for ca. 4four weeks before receiving the final technical reviews, as those proposals are posted on the Adaptation Fund website.

Figure 1: Comparison of the existing face-to-face review process and that of the proposed intersessional review process

Regular project review cycle (9.5 weeks from start of review to AF Board decision)



Proposed intersessional project review cycle (13 weeks from start of review to AF Board decision)



15. Considering the time needed for arranging a review cycle intersessionally, and because of uncertainty related to the timing of the biannual Board meetings, it would be advisable to arrange only one intersessional review cycle per year.

Options for intersessional decisions and an analysis of their feasibility

Types of proposals to be reviewed intersessionally and in face-to-face meetings

16. Even as a virtual commenting opportunity is arranged, taking decisions intersessionally may decrease the effective exchanges between members compared to a face-to-face meeting. Therefore, the Committee may consider whether it is necessary to arrange, as a general principle, at least one face-to-face opportunity for the Committee members to discuss each project proposal. A face-to-face discussion has different advantages and disadvantages in the two different steps of the project proposal process. Discussion at the concept stage emphasizes the possibility for the PPRC to provide guidance to the proponent, whereas exchanges at the fully-developed proposal stage may be more significant for making a final recommendation on project approval:

(a) At the *concept* stage, it may be easier for the PPRC and Board to provide guidance to the proponent on the general direction of the proposal. On the other hand, as proponents are free to considerably revise their concepts before submitting them as fully-developed proposals, discussion at this stage may not be informed by all relevant factors. Also, the concept stage is a voluntary step, as proponents may opt for a one-step process and directly submit a fully-developed proposal.

(b) At the *fully-developed project/programme document* stage, the proposal is expected to provide full information on all key aspects of the project/programme, including both its technical design and its management of environmental and social risks, as well as results of the consultative process undertaken during its development. Unlike concepts, this is a stage gone through by all proposals. On the other hand, experience has shown that it is generally more difficult for proponents to make substantive changes to their proposals at the fully-developed proposal stage than at the concept stage.

17. As described above, intersessional proposals would be posted online for public review and commenting, similar to proposals submitted to regular meetings, and comments from stakeholders would be similarly incorporated into the respective Board documents. It should be noted, though, that in intersessional decision-making members of civil society could not effectively participate as observers in the actual event where a decision is made, compared to the possibility of observing the regular Board meetings either in person or via the webcast. From a transparency point of view, fully-developed proposals offer more information than concepts and they may therefore be a preferable stage of proposals to be subjected to a regular Board meeting.

18. Four selected options utilizing intersessional reviews are presented below:

(a) Enabling intersessional discussion and review for any project/programme proposal;

(b) Requiring that only the first submission of a proposal, be it a concept or a fully-developed proposal, is discussed in a face-to-face meeting, and enabling intersessional review for all later re-submissions;

(c) Requiring that only the first fully-developed proposal submission is discussed in a face-to-face meeting, and enabling intersessional review for concepts and re-submissions of fully-developed proposals; and

(d) Requiring that the first submission in each of the two stages is discussed at a face-to-face meeting, and enabling intersessional review for all re-submissions in each of the stages.

19. The requirement of face-to-face discussion on selected proposals as defined in the options above would lead to delays compared to the current situation in which such proposals can be considered three times a year. The table below provides the average additional wait time for the options outlined above. It should be noted that the table assumes that submissions are made randomly to a face-to-face submission deadline or an intersessional deadline, whereas in reality planning by the proponent may reduce these times. The additional average delay times can be contrasted to the actual average development times presented in the Adaptation Fund Annual Performance Report for Fiscal Year 2013 (AFB/EFC.13/3): for one-step proposals ca. 9 months (FY12), for two-step proposals ca. 12-13 months (FY12, FY13).

Option	Average additional delay per proposal compared to three regular meetings annually in 2012-13
(a)	None
(b)	1.3 months
(c)	1.3 months
(d)	1.3 months (1-step) or 2.7 months (2-step)

20. The PPRC may wish to consider the above outlined issues and recommend to the Board to:

(a) Arrange one intersessional project review cycle annually, during an intersessional period of 24 weeks or more between two consecutive Board meetings;

(b) Decide on the types of proposals that could be considered during such an intersessional review cycle, such as either:

(i) All proposals; or

(ii) All proposals that have been already previously discussed by the PPRC in a regular meeting; or

(iii) All proposals except the first submissions of fully-developed proposals; or

(iv) All proposals except the first submissions of project concepts and the first submissions of fully-developed proposals;

(c) Request the secretariat to intersessionally review the types of proposals selected under (b);

- (d) Request the Project and Programme Review Committee to consider intersessionally the technical review of such proposals 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; and
- (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.