



ADAPTATION FUND

AFB/PPRC.15/4  
19 September 2014

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Adaptation Fund Board  
Project and Programme Review Committee  
Fifteenth meeting  
Bonn, Germany, 7-8 September 2014

Agenda Item 5

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

## I. BACKGROUND

1. This document presents to the Project and Programme Review Committee (PPRC) of the Adaptation Fund Board (the Board) an overview of the project/programme proposals submitted by Implementing Entities (IE) to the current meeting, and the process of screening and technical review undertaken by the secretariat.

2. The analysis of the proposals mentioned above is contained in a separate addendum to this document.

## II. FUNDING STATUS AND SITUATION OF THE PIPELINE

3. In the twelfth meeting, the Board instituted a cap of 50 per cent for project funds directed through Multilateral IEs (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)*

4. 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)*

5. 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)*

6. 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 that meeting, were placed in the pipeline in the order of the above prioritization criteria. In the twentieth meeting, three additional proposals were added to the pipeline, and in the twenty-first meeting, one additional proposal, bringing the total number of projects and programmes in the pipeline to eight. As a result of new revenue to the Fund, the Board was able to intersessionally approve, between the twenty-first and the twenty-second Board meeting, the first programme in the pipeline. In the twenty-second meeting, an additional project was placed in the pipeline, and during the period between the twenty-second and twenty-third meetings, new revenue obtained following the ninth session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol allowed to approve intersessionally four projects that were in the pipeline, for a total value of US\$ 25,847,199. In the twenty-third meeting an additional project was placed in the pipeline, bringing the total number of projects in the pipeline to five, for a total value of US\$ 38,350,146. New revenue to the Fund during the intersessional period allowed the funding of the first project in the pipeline, which was the project for Belize, with a value of US\$ 6,000,000. The remaining four project/programmes in the pipeline have a total value of US\$ 32,350,146.

7. According to the latest financial Summary Status Report as at 30 June 2014, the cumulative funding decisions for projects/programmes submitted by MIEs amounted to US\$ 181.40 million, and the cumulative funding decisions for all projects/programmes amounted to US\$ 226.22 million<sup>1</sup>. Funds available to support AF Board funding decisions amounted to US\$ 150.70 million<sup>2</sup>.

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<sup>1</sup> This was before approval of the project for Belize and its release from the pipeline.

<sup>2</sup> Ibid. <http://trusteeqa.worldbank.org/trustee/index.php?type=funddetailpage&ft=af&linktype=pr-trusteereport&flag=firstclicked>.

**Table 1: Status of the pipeline as at the 24th Adaptation Fund Board meeting**

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

### III. PROJECT/PROGRAMME PROPOSALS SUBMITTED BY IMPLEMENTING ENTITIES

Accredited IEs submitted thirteen proposals to the secretariat, with the total requested funding amounting to US\$ 70,694,621. Among the proposals were four project concepts, with a total requested funding of US\$ 25,617,203 and nine fully developed proposals, all of which were submitted by National IEs (NIEs) with a total requested funding of US\$ 45,077,418. Following the initial technical review carried out by the secretariat, one of the proposals, a project concept, was withdrawn by the proponent. In addition, budget requests from some proposals were altered following the initial review. Apart from the proposals submitted specifically to this meeting, the proposal submitted by the NIE for Kenya (the National Environment Management Authority, NEMA) to the twenty-third meeting, whose consideration the Board deferred, will be considered at this meeting. The final total requested funding of the twelve proposals including the fully-developed proposal for Kenya amounted to US\$ 79,611,212, with US\$ 24,537,503 for the three concepts, and US\$ 55,073,709 for the ten fully developed proposals. The proposals included US\$ 5,807,509 or 7.9%<sup>3</sup> in Implementing Entities management fees and US\$ \$6,195,918 or 8.4%<sup>4</sup> in execution costs.

8. One Regional IE (RIE), the Sahara and Sahel Observatory (OSS) submitted one concept for Burkina Faso, while the NIEs for Chile (*Agencia de Cooperación Internacional de Chile*, AGCI) and Mexico (Mexican Institute of Water Technology, IMTA) submitted one concept each. Four fully-developed proposals were submitted by the NIE for India (National Bank for Agriculture and Rural Development, NABARD), while the NIE for South Africa (South African National Biodiversity Institute, SANBI) submitted two fully-developed proposals. The NIEs for Costa Rica (*Fundecooperacion para el Desarrollo Sostenible*), Jordan (the Ministry of Planning and International Cooperation, MOPIC) and Morocco (Agence de Développement Agricole, ADA) submitted one fully-developed proposal each. It should be noted that this is the first time since the Board started receiving proposals, that no proposal was submitted by an MIE. Details of the proposals are contained in the separate PPRC working documents, as follows:

AFB/PPRC.15/5 *Proposal for Chile (AGCI)*

AFB/PPRC.15/5/Add.1 *Project Formulation Grant for Chile (AGCI)*

<sup>3</sup> 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.

<sup>4</sup> 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.

- AFB/PPRC.15/6 Proposal for Mexico (IMTA)
- AFB/PPRC.15/6/Add.1 Project Formulation Grant for Mexico (IMTA)
- AFB/PPRC.15/7 Proposal for Burkina Faso (OSS)
- AFB/PPRC.15/8 Proposal for India (1) (NABARD)
- AFB/PPRC.15/9 Proposal for India (2) (NABARD)
- AFB/PPRC.15/10 Proposal for Costa Rica (Fundecooperacion)
- AFB/PPRC.15/11 Proposal for India (3) (NABARD)
- AFB/PPRC.15/12 Proposal for India (4) (NABARD)
- AFB/PPRC.15/13 Proposal for Jordan (MOPIC)
- AFB/PPRC.15/14 Proposal for Kenya (NEMA)
- AFB/PPRC.15/15 Proposal for Morocco (ADA)
- AFB/PPRC.15/16 Proposal for South Africa (1) (SANBI)
- AFB/PPRC.15/17 Proposal for South Africa (2) (SANBI)

9. Of the thirteen proposal submissions eleven are for regular projects and programmes, i.e. they request funding exceeding US\$ 1,000,000 and two are small-size project proposals, i.e. proposals requesting up to US\$ 1,000,000.

10. The average funding requested for the eight regular fully-developed proposals and the two small-size project proposals amount to US\$ 6,675,425 and US\$ 835,158, respectively, including management fees charged by the IEs. The average funding requested for the three concept proposals amounts to US\$ 8,179,168, also including management fees charged by the IEs. These proposals 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, all proponents of fully-developed project documents provide a budget on fee use.

11. All 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 in the fully-developed project/programme documents submitted to this meeting total US\$ 4,575,348, with an average of US\$ 69,264 for the small size projects and US\$ 554,603 for the regular projects.

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

13. The funding requests of the fully-developed NIE project and programme documents submitted to the current meeting amount to US\$ \$55,063,719, including 8.4% in management fees. The project formulation grant (PFG) requests from NIEs for Chile and Mexico amount to US\$ 60,000 and are in accordance with Board Decision B.12/28. The current cumulative funding allocation for projects/programmes and PFGs submitted by NIEs is US\$ 44,549,797, which represented 19.7% of the sum of cumulative project/programme funding decisions and funds available to support funding decisions, as at 30 June 2014. If the Board were to decide to approve the fully-developed NIE proposals and the PFG requests submitted to the twenty-fourth meeting, the cumulative funding allocation for NIEs would increase to US\$ 99,623,506, which would represent 35.4% of total project/programme funds.

**Table 2: Project proposals submitted to the 24th Adaptation Fund Board meeting**

Country	IE	Financing requested (USD)	Stage	IE Fee, USD	IE Fee, %	Execution Cost (EC), USD	EC, % of Total
Burkina Faso	OSS	\$5,947,503	Project concept	\$465,933	8.50%	\$475,570	8.68%
Chile	AGCI	\$9,960,000	Project concept	\$500,000	5.29%	\$450,000	4.76%
Mexico	IMTA	\$8,630,000	Project concept	\$622,000	7.77%	\$695,000	8.68%
Costa Rica	Fundecoop peración	\$9,970,000	Fully developed programme document	\$750,000	8.13%	\$860,000	9.33%
India	NABARD	\$689,264	Fully developed project document	\$53,998	8.50%	\$60,050	9.45%
India	NABARD	\$981,052	Fully developed project document	\$76,500	8.46%	\$78,477	8.68%
India	NABARD	\$1,790,500	Fully developed project document	\$139,800	8.47%	\$143,192	8.67%
India	NABARD	\$2,510,854	Fully developed project document	\$196,469	8.49%	\$201,162	8.69%
Jordan	MOPIC	\$9,226,000	Fully developed programme document	\$723,000	8.50%	\$703,000	8.27%
Kenya	NEMA	\$9,998,302	Fully developed programme document	\$720,217	7.76%	\$804,948	8.68%
Morocco	ADA	\$9,970,000	Fully developed project document	\$781,060	8.50%	\$872,950	9.50%
South Africa	SANBI	\$7,495,055	Fully developed project document	\$587,170	8.50%	\$656,249	9.50%
South Africa	SANBI	\$2,442,682	Fully developed project document	\$191,362	8.50%	\$195,320	8.68%
<b>Total</b>		<b>\$79,611,212</b>		<b>\$5,807,509</b>	<b>7.87%</b>	<b>\$6,195,918</b>	<b>8.35%</b>

14. All of the 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)*

15. In accordance with the operational policies and guidelines, the secretariat screened and prepared technical reviews of the nine project and programme proposals submitted during the reporting period. In performing this review task, the dedicated team of officials of the secretariat was supported by members of the Global Environment Facility secretariat technical staff.

16. 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. In some cases though, the process took longer. The Implementing Entities were offered the opportunity to discuss the initial review findings with the secretariat by telephone.

17. 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.15/4/Add.1).

#### **IV. PROPOSALS FOR ACCREDITATION SUPPORT**

18. As part of the Readiness Programme for Climate Finance, eligible countries were given the opportunity to submit applications for grant to receive support for accreditation through a selected number of National Implementing Entities (NIEs). The types of eligible support included but were not limited to (i) identifying potential NIE candidates and/or (ii) preparing an application for NIE candidates to be submitted to the Accreditation Panel and/or (iii) continuous support during the application process. It is expected that that peer support will effectively help build national capacity and sustainability.

19. Eligible NIEs were those entities that had tangible achievements with the Fund. The selection was based on the entity's experience with the Adaptation Fund, including in project preparation and implementation, and in supporting other countries at different stages of their application processes. Eligible NIEs were the ones fulfilling all of the following criteria, as at the time of the twenty-third Board meeting:

- Have been accredited by the Board,
- Have an Adaptation Fund project or programme under implementation, hence demonstrating effective compliance with the AF fiduciary standards, and
- Have experience advising, participating in, or organizing support to other NIE candidates.

20. Therefore, only five NIEs were eligible, i.e. the Centre de Suivi Ecologique (CSE, Senegal), the Planning Institute of Jamaica (PIOJ, Jamaica), the Agencia Nacional de Investigacion e Innovacion (ANII, Uruguay), the Unidad para el Cambio Rural (UCAR, Argentina) and the Ministry of Natural Resources of Rwanda (MINIRENA, Rwanda).

21. Following a call for submission of proposals undertaken intersessionally, the secretariat had received four proposals from two NIEs, to support four countries, i.e. Burundi (MINIRENA), Cabo Verde, Chad and Niger (CSE). The four proposals requested a total funding of US\$194,490, with funding requests ranging from US\$ 47,449 to US\$ 50,000.

## **V. ISSUES IDENTIFIED DURING THE REVIEW PROCESS**

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