ADAPTATION FUND

Adaptation Fund Board
Project and Programme Review Committee
Third Meeting
Cancun, December 13, 2010

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) an overview of the work undertaken by the secretariat in screening and reviewing the project/programme proposals submitted, following the operational policies and guidelines. It consists of the following sections:

   a) An overview of the project/programme proposals submitted by national and multilateral implementing entities; and

   b) Items remaining from the previous meeting of the PPRC

2.   In accordance with the views of the Board expressed in its 10th meeting, the secretariat does not publicly disclose the technical reviews of project and programme proposals carried out by the secretariat, and therefore the analysis of the proposals mentioned above is contained in a separate, confidential addendum to this document.

II.   PROJECT/PROGRAMME PROPOSALS SUBMITTED BY NIEs AND MIEs

3.   Accredited multilateral implementing entities submitted 16 proposals to the secretariat, with the total requested funding amounting to US$100,891,233. Later, following the initial technical review carried out by the secretariat, one of the proposals was withdrawn by their proponents, and the budget requests of others were altered. The 15 remaining proposals amounted to US$95,481,450[1] of requested funding, including US$7,383,862 or 8.4% in implementing entities' management fees. The 15 proposals included 7 fully developed documents and 8 concepts.

4.   All the 15 proposals were submitted by accredited Multilateral Implementing Entities (MIEs), there were no proposals from accredited National Implementing Entities (NIEs). The UNDP submitted 13 proposals. Six of these were fully developed project documents, including proposals for Nicaragua, Pakistan and Solomon Islands which were endorsed by the Board as concepts in its 10th meeting, as well as ones Mauritius and Turkmenistan which were considered as concepts in that meeting but were deferred. In addition, the UNDP submitted a fully-developed proposal for Eritrea for the first time following the one-step approval process. The UNDP further submitted seven project concepts, for Cook Islands, El Salvador, Fiji, Georgia, India, Maldives and Papua New Guinea, respectively. UNEP submitted a fully-developed proposal for Tanzania for the first time following the one-step approval process, and the WFP submitted a project concept for Ecuador. Details of these proposals are contained in the separate PPRC working documents, as follows:

   AFB/PPRC.3/4 _Proposal for Cook Islands_;

   AFB/PPRC.3/5 _Proposal for Ecuador_;

   AFB/PPRC.3/6 _Proposal for El Salvador_;

   AFB/PPRC.3/7 _Proposal for Eritrea_;

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[1] This sum includes the actual proposed budget for the Solomon Islands, US$5,533,500: the total budget figure given in the proposal, US$5,610,000 is a miscalculation.

AFB/PPRC.3/8 *Proposal for Fiji*;

AFB/PPRC.3/9 *Proposal for Georgia*;

AFB/PPRC.3/10 *Proposal for India*;

AFB/PPRC.3/11 *Proposal for Maldives*;

AFB/PPRC.3/12 *Proposal for Mauritius*;

AFB/PPRC.3/13 *Proposal for Nicaragua*;

AFB/PPRC.3/14 *Proposal for Pakistan*;

AFB/PPRC.3/15 *Proposal for Papua New Guinea*;

AFB/PPRC.3/16 *Proposal for Solomon Islands*;

AFB/PPRC.3/17 *Proposal for Tanzania*; and

AFB/PPRC.3/18 *Proposal for Turkmenistan*.

5.   All of the 15 submissions are proposals for regular projects and programmes, i.e. they request funding exceeding US$1,000,000. The funding requests in the fully-developed proposals totalled US$43,324,557 and ranged from US$2,929,000 (Turkmenistan) to US$9,119,240 (Mauritius), with an average of US$6,189,222, including management fees charged by the implementing entities. Proposals of all MIEs are in compliance with the Board Decision B.11/16 to cap management fees at 8.5%. Among these, both the UNDP and UNEP propose an 8.5% management fee. The funding request in the 8 concept-stage proposals totalled US$52,156,893 and ranged from US$4,991,000 (Cook Islands) to US$8,989,225 (Maldives), with an average of US$6,519,612, including management fees. Among these, UNDP again proposes an 8.5% management fee, and WFP a 7.0% fee.

6.   In accordance with the operational policies and guidelines, the secretariat screened and prepared technical reviews of the 16 project and programme proposals submitted during the reporting period, one of which was withdrawn by the proponent after the review findings were shared with them. In performing this review task, the dedicated team of officials of the secretariat was supported by 10 members of the GEF secretariat technical staff.

7.   As per Board request at its 10th meeting, the secretariat shared the initial technical review findings with the implementing entities that had submitted the proposals and solicited for 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 that had submitted fully-developed proposals were offered the opportunity to discuss the initial review findings with the secretariat on the phone.

8.   The secretariat subsequently reviewed the Implementing Entities' responses to the clarification requests, and compiled comments and recommendations that are presented in the addendum to this document (AFB/PPRC.2/3/Add.1).

III.   ITEM REMAINING FROM THE PREVIOUS MEETINGS OF THE PPRC: PROGRAMME REVIEW CRITERIA

9.   At its second meeting, the Project and Programme Review Committee discussed the issue of project and programme criteria. After discussion,

> *The PPRC had observed that it was within the mandate of the PPRC to address both projects and programmes and that at the present time there was no need to make a specific recommendation to the Board on programme review criteria. However, it would be useful to have a presentation by the secretariat on the issue and that it would be important to revise and improve the Operational Polices and Guidelines at a future meeting of the Board.*
>
> *(AFB/B.11/9)*

10.   The following presentation is responding to this request.

Current formulation in the Operational Policies and Guidelines

11.   The Strategic Priorities, Policies, and Guidelines of the Adaptation Fund adopted by the CMP states:

> *15. In assessing project and programme proposals, the Adaptation Fund Board shall give particular attention to:*
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> *[...]*
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> *(h) Moving towards a programmatic approach, where appropriate.*

12.   The Operational Policies and Guidelines for Parties to Access Resources from the Adaptation Fund define a programme as:

> *11. An adaptation programme is a process, a plan or an approach for addressing climate change impacts which are broader than the scope of an individual project. Further guidance on how to present programmes for approval can be found in the instructions accompanying the templates.*

13.   Further, the Annex 3, Appendix 3 (Instruction for Preparing a Request for Project or Programme Funding from the Adaptation Fund) of the Operational Policies and Guidelines contain the following guidance on programmes:

> (a) *Project and programme applications must be clear on the problem 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. Programmes will generally be more complex and will require greater oversight and management which should be properly explained under Implementation Arrangements for programmes.*
> (Preamble)

(b) *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 cross borders. Programmes usually engage multiple partners / stakeholders.* (Part I, Category)

(c) *Provide brief information on the problem the proposed project is aiming to solve. Outline the economic, environmental and social development context in which the project would operate. For the case of a programme, the analysis will be more complex, focusing on how climate change is expected to affect multiple stakeholders, sectoral and/or economic activities within a well defined region.* (Part I, Project / Programme Background and Context)

(d) *List the main objectives of the project. 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.* (Part I, Project / Programme Objectives)

(e) *Please fill out the table presenting the relationships among project components, activities, expected concrete outputs, and their corresponding budgets to accomplish them. 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.* (Part I, Project / Programmes Components and Financing)

(f) *The aforementioned terms are defined below to facilitate the process of completing the table:*
[...]
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 likely types and number of projects that the programme will support. (Part I, Project / Programmes Components and Financing)

(g) *Describe the project / programme components, including details of activities in each component, regarding how the components will meet project objectives. 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.* (Part II, Project /Programme Justification, A)

(h) *For the case of a programme, explain how the programme strategy will be managed and evaluated, and how individual projects will be identified, designed, appraised, approved, implemented and evaluated against programme's strategic objectives. Provide a full organogramme of the executing agents and how they report to each other* (Part III, Implementation Arrangements, A)

(i) *Measures for financial and project / programme risk management. For the case of a programme, provide detailed information to illustrate how risk will be managed.* (Part III, Implementation Arrangements, B)

Guidance from the Adaptation Fund Board

14.   At its eighth meeting, the Adaptation Fund Board discussed the issue of project and programme criteria under agenda item "Operational Policies and Guidelines: programme template". After deliberation, Board decided that the programme proposals should list the concrete adaptation activities they were going to undertake, as reflected in the adoption of a programme template.

(Decision B.8/3)

Interpretation of the Board guidance on programme proposals, and possible need for further guidance

15.   The above excerpts from the Operational Policies and Guidelines indicate that a more thorough proposal is required from programmes compared to projects. Until the current meeting, overwhelming majority of the received proposals to the Adaptation Fund Board has been for projects. To ensure that the secretariat follows appropriate standards in reviewing programme proposals, and that it does not inadvertently favour or disfavour them in the review process, the secretariat seeks further guidance from the PPRC and the Board.

16.   The secretariat wishes to note that guidance on the minimum criteria for programme qualification might help to improve the quality of proposals, and would greatly facilitate the proposal review process. In addition to a clearer definition, the PPRC may choose to consider how proposals are delineated as projects or proposals, and by whom. The PPRC may recommend to the Board how to sharpen the definition of programmes through, by example, the development objective. If the development objective of the grant can be expressed as a response to a single adaptation challenge, it would be considered a project. If more than one development objective is needed, e.g. for different economic sectors or geographical areas, the proposal would be formulated as a programme. Programmes should seek to have an outcome at the national scale, through concrete institutionalization of projects, leading to long-term sustainability.

17.   Fundamentally, the key question is if reviews should require the same standards for individual projects in the programme and stand-alone projects. In order to reflect this discussion, the PPRC is invited to consider five options, which are not necessarily mutually exclusive:

- Option 1 – Add a layer of criteria on programs
- Option 2 – Add additional questions at the end of the review template
- Option 3 – Add additional components to only certain questions
- Option 4 – Request programme proposals to include an "outcome" plan
- Option 5 – Separate programmes into "types" and tailor guidelines accordingly
- Option 6 – Request information on how projects link to produce added value

Option 1 – Add a layer of criteria on programs

18.   The PPRC may decide to recommend to the Board to add a layer of criteria on programs that specify, to each question within the review template, additionally, what the value added is of presenting the projects as a programme.

19.   The PPRC should be aware, however, that the review process for programmes should not be viewed as exceedingly cumbersome, thereby leading to programmes being presented as projects.

Option 2 – Add additional questions at the end of the review template

20.   Additional questions at the end of the review template that requests proponents to define linkages and added benefit of presenting the programme may be added. These questions may ask for programmes to categorize themselves further, specify additional efforts to synchronize efforts, etc.

21.   Proponents would be required to clarify which mechanisms will be put in place to foster cross-sectoral collaboration

Option 3 – Add additional components to only certain questions

22.   The PPRC may decide to recommend to the Board to add additional components to only certain questions, such as those on cost effectiveness.

Option 4 - Request programme proposals to include an "outcome" plan

23.   Programme proponents may be requested to include an "outcome" plan to manage how each projects' outcomes contribute to the overall programme objectives.

24.   Outcome plans would reflect the view that programme proposals should be required to more specifically, define budgets and project components at the project level, namely because with larger scope, reviews of proposals should ensure that projects within programmes are conceptualized and designed to provide feedback to each other.

Option 5 - Separate programmes into "types" and tailor guidelines accordingly

25.   The PPRC may recommend the separation of programmes into "types" and tailor guidelines accordingly. For instance, programmes may include projects that are to be implemented sequentially, or simultaneously. Programmes may also include the collaboration of different sectors, regions, and methodologies.

Option 6 - Request information on how projects link to produce added value

26.   Lastly, the PPRC may recommend to the Board to request programme proponents to include information on how projects link to produce added value. Project proponents would also be advised to emphasize connections from the project level to the programme level, and within the project level.

27.   The discussion would be on the linkage between each project within the programme to the larger programmatic goals (vertical) and the linkages amongst the projects (horizontal).

Specifically, it should be clarified how projects are synchronized, what feedback mechanisms will be put in place, and what the chronological implementation consists of.

V. RECOMMENDATION

28. The PPRC may wish to consider the above outlined issues, identified by the secretariat, and recommend to the Board to take a decision on those issues, accordingly. On the item on programme review, the PPRC may decide to formulate a proposal to the Board, including *inter alia*:

a) Minimum criteria for programme qualification; and

b) Standards for individual projects in the programme vs. stand-alone projects.