



ADAPTATION FUND

AFB/PPRC.5/Inf.1  
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Adaptation Fund Board  
Project and Programme Review Committee  
Fifth Meeting  
Bonn, June 20, 2011

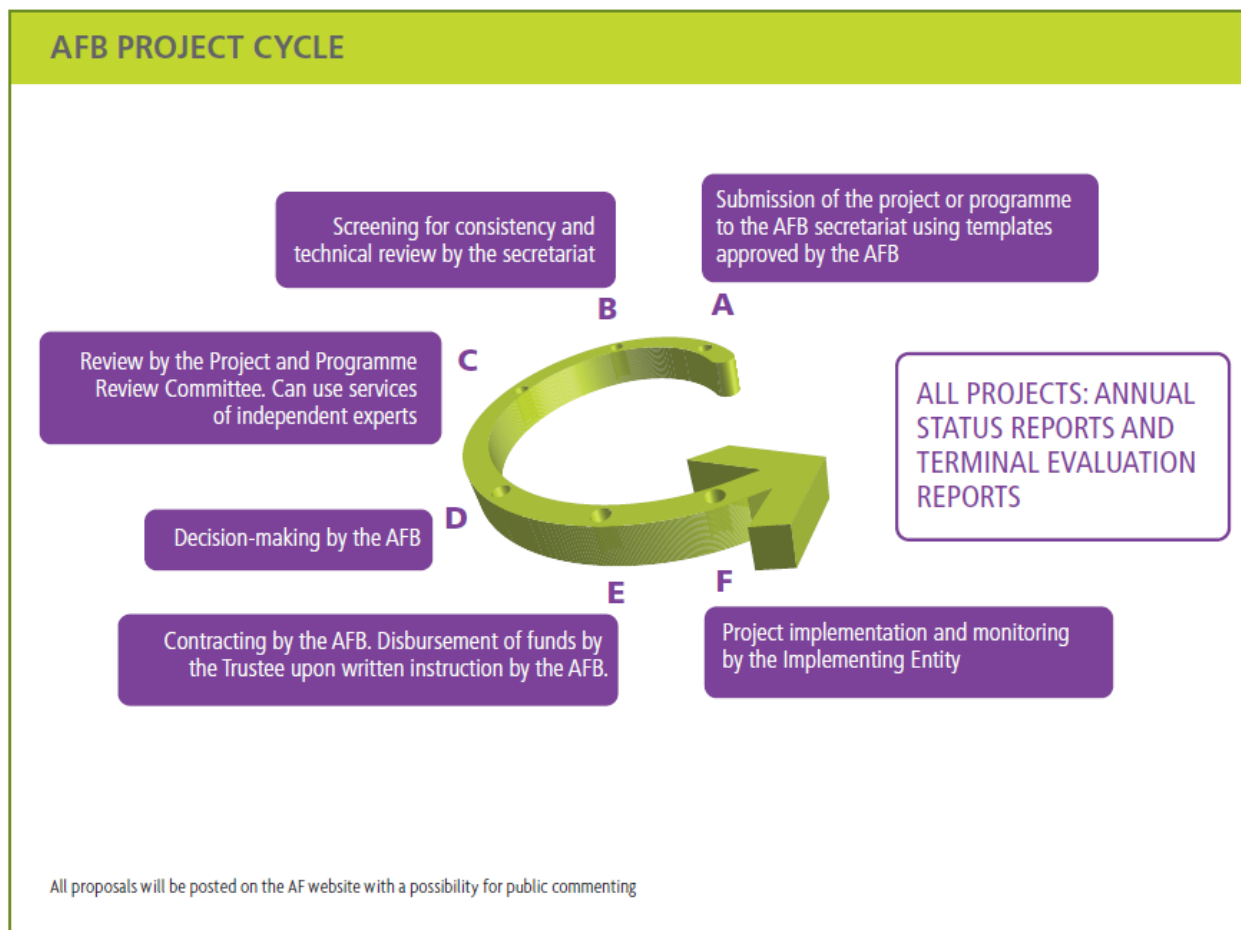
## **COMPENDIUM OF BOARD DECISIONS RELATED TO THE PROJECT REVIEW CYCLE**

## I. Background

1. The Project and Programme Review Committee (PPRC) at its 4<sup>th</sup> meeting held in Bonn on March 16, 2011, has requested the secretariat to provide the PPRC, with a compendium of all its conclusions and the decisions taken by the Board, which were relevant to the work of the Committee, during its 5<sup>th</sup> meeting.

2. This paper intends to respond to that request and compile the Board decisions which are related to the project cycle (see Figure below), up to the step of *Decision-making by the Board* (step D).

3. The document will present these decisions by areas that are related to the project cycle and which were discussed during Board meetings. In the first section of this document, a review of the operational policies and guidelines of the Adaptation Fund – in the version approved by the Board at its 7<sup>th</sup> and 8<sup>th</sup> meeting, prior to the amendment submitted at the 13<sup>th</sup> AFB meeting – that are relevant to the project review cycle, is provided.



## II. Sections of the Operational Policies and Guidelines of the Adaptation Fund relevant to the project review cycle<sup>1</sup>

4. *39. The project cycle of the Adaptation Fund for any project or programme size begins with a proposal submission to the Secretariat by the NIE/MIE chosen by the government of the recipient country/ies. The submission is followed by an initial screening, project review and approval<sup>2</sup>.*

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

5. *40. In order to expedite the process of approving projects and reduce unnecessary bureaucracy, it is proposed that small-size projects undergo a one-step approval process by the Board. The proposed project cycle steps are as follows:*
- a) The project proponent submits a fully developed project document<sup>3</sup> based on a template approved by the Board (Annex 3, Appendix A). Proposals can be submitted to the Board through the Secretariat three times per year or as may be decided at any time by the Board depending on the flow of requests and the available resources. The timetable for the submission and review of proposals will be synchronized with the meetings of the Board to the extent possible.*
  - 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 for review, based on the criteria approved by the Board (Annex 3). Screening by the Secretariat will be conducted as soon as possible, and within fifteen (15) working days.*
  - c) The Secretariat will send all project proposals received with technical reviews to the Project and Programmes Review Committee four weeks prior to the Adaptation Fund Board meeting. The Project and Programmes Review Committee will review the proposals and give its recommendation to the Board for a decision at the Meeting. The Committee may use services of independent adaptation experts to provide input into the review process if needed. The Board can approve or reject a proposal with a clear explanation to the implementing entities. Rejected proposals can be resubmitted after consideration of the reasons for rejection.*
  - d) The proposals approved by the Board will be posted on the Adaptation Fund website. The Secretariat in writing will notify the proponent of the decision of the Board.*

<sup>1</sup> The revised version of this section of the OPG on project cycle, approved by the Board at its 13<sup>th</sup> meeting, is available in Annex of this document and reflects the Board decisions in section III of the present document. These paragraphs are being revised by the Ethics and Finance Committee (Document AFB/EFC.5/7).

<sup>2</sup> The designated authority referred to in paragraph 21 above shall endorse the proposal submission.

<sup>3</sup> A fully developed project is one that has been appraised for technical and implementation feasibility and is ready for financial closure prior to implementation.

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

6. *41. Regular adaptation projects are those that request funding exceeding \$1 million. It is proposed that these proposals undergo either a one-step or a two-step<sup>4</sup> approval process. To reduce the time needed to get a project funded, proponents are encouraged to submit a fully-developed project document<sup>5</sup> for a one-step approval. The proposed project cycle steps for a one-step approval are as follows:*
- a) The project proponent submits a fully-developed project document based on a template approved by the Board (Annex 3, Appendix). Proposals can be submitted to the Board through the Secretariat three times per year or in any other schedule to be decided by the Board. The timetable for the submission and review of proposals will be synchronized with the meetings of the Board as much as possible.*
  - b) The Secretariat will screen all proposals for consistency and provide a technical review. It will forward the proposals and the technical reviews to the Projects and Programmes Review Committee for review based on the criteria approved by the Board (Annex 3). Screening by the Secretariat will be conducted as soon as possible, and within fifteen (15) working days.*
  - c) The Secretariat will send all project proposals with technical reviews to the Project and Programmes Review Committee four weeks before the Adaptation Fund Board meeting. The Project and Programme Review Committee will review the proposals and give its recommendation to the Board for a decision at the Meeting. The Committee may use services of independent adaptation experts to provide input into the review process if needed. The Board can approve or reject a proposal with a clear explanation to the implementing entities. Rejected proposals can be resubmitted after consideration of the reasons for rejection.*
  - d) All proposals approved by the Board will be posted on the Adaptation Fund website. The Secretariat in writing will notify the proponent of the decision of the Board.*

## **Adaptation Fund Project Review Criteria**

7. *Annex 3*
- 1. The following review criteria for adaptation fund projects are applicable to both the small-size projects and regular projects under the single-approval process. For regular projects using the two-step approval process, only the first four criteria will be applied when reviewing the 1st step for regular project concept. In addition, the information provided in the 1st step approval process with respect to the review criteria for the regular project concept could be less detailed than the information in the request for*

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<sup>4</sup> A brief project concept is approved in the first step followed by the review and approval of a fully-developed project/document in the second-step. 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. Funding will only be reserved for a project after the approval of a fully-developed project document in the second step.

<sup>5</sup> A fully developed project is one that has been appraised for technical and implementation feasibility and is ready for financial closure prior to implementation.

approval template submitted at the 2nd step approval process. Furthermore, a final project document is required for regular projects for the 2nd step approval, in addition to the approval template.<sup>6</sup>

<b>Review Criteria</b>	
1. Country Eligibility	<ul style="list-style-type: none"> <li>• Is the country party to the Kyoto Protocol?</li> <li>• Is the country a developing country particularly vulnerable to the adverse effects of climate change?<sup>7</sup></li> </ul>
2. Project Eligibility	<ul style="list-style-type: none"> <li>• Has the government endorsed the project?<sup>8</sup></li> <li>• Does the project / programme support concrete adaptation actions to assist the country in addressing the adverse effects of climate change?</li> <li>• Does the project provide economic, social and environmental benefits, with particular reference to the most vulnerable communities?</li> <li>• Is the project cost-effective?</li> <li>• Is the project consistent with national sustainable development strategies, national development plans, poverty reduction strategies, national communications or adaptation programmes of action, or other relevant instruments?</li> <li>• Does the project meet the relevant national technical standards, where applicable?</li> <li>• Is there duplication of project with other funding sources?</li> <li>• Does the project have a learning and knowledge management component to capture and feedback lessons?</li> <li>• Has the project provided justification for the funding requested on the basis of the full cost of adaptation?</li> </ul>
3. Resource Availability	<ul style="list-style-type: none"> <li>• Is the requested project funding within the cap of the country?</li> </ul>
4. Eligibility of NIE/MIE	<ul style="list-style-type: none"> <li>• Is the project submitted through an eligible NIE/MIE that has been accredited by the Board?</li> </ul>
5. Implementation Arrangement	<ul style="list-style-type: none"> <li>• Is there adequate arrangement for project management?</li> <li>• Are there measures for financial and project risk management?</li> <li>• Are arrangements for monitoring and evaluation clearly defined, including a budgeted M&amp;E plan?</li> <li>• Is a project results framework included?</li> </ul>

<sup>7</sup> Further reference to the eligibility of country can be found in the document: “*Strategic Priorities, Policies, and Guidelines of the Adaptation Fund*”

<sup>8</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.

### III. Board Decisions relevant to the project review cycle

#### 1. On the programme template

8. **At the AFB 8<sup>th</sup> meeting**  
38. Following a discussion, the Board decided to adopt the programme template, as orally amended, and to request the Secretariat to revise the document accordingly, in order that the programme template could be included in the handbook on Adaptation Fund which would be presented at a side-event during the fifth CMP in Copenhagen. The programme template is contained in Annex VI to the present report.  
**(Decision B.8/3)**

#### 2. On the results-based management framework

##### **At the 10th AFB meeting**

9. 88. Having considered the report of the Ethics and Finance Committee (EFC) and the presentation by the Chair of the EFC, the Adaptation Fund Board decided:
- (a) To adopt the approach to implementing results based management, outlined in the document AFB/EFC.1/3/Rev.2, to be implemented in the Adaptation Fund;
  - (b) To further adopt the Strategic Results Framework for the Adaptation Fund and the Adaptation Fund Level Effectiveness and Efficiency Results Framework of the RBM document, contained in annex IV to the present report;
  - (c) To request the secretariat to develop:
    - i. A monitoring and evaluation framework and guidelines for terminal evaluation;
    - ii. A practical guide or manual on how project baselines and project results frameworks may be prepared;
    - iii. Guidance for project performance reports which will include a proposal on how to move forward with ratings;
    - iv. An independent project web-based publicly accessible database to maintain the transparency of the Adaptation Fund, which should also include password-protection capabilities, as necessary. The database needed to integrate fully the elements required for proper monitoring of the funded projects which would include the possibility for the secretariat to enter baseline data, milestones, targets, indicators, etc, based on the information provided by the project managers in an agreed template. Project managers should not be able to modify existing data and the database entries for individual projects/programmes should be updated annually in accordance with the annual project/programme report. The development of the system should be fully coordinated with decisions about how performance would be measured; and
  - (d) To adopt the proposed budget and activities as contained in Table 1 in Annex 3 of document AFB/EFC.1/3.
- (Decision B.10/13)**

**At the 11<sup>th</sup> AFB meeting**

10. 71. Having considered the report of the Ethics and Finance Committee (EFC) and the presentation by the Chair of the EFC, the Adaptation Fund Board decided to:
- [...]
- (c) Further request the secretariat that the RBM policy be updated as follows:
- (i) Project and programme proposals must include at least one or two outcome and output indicators from the Adaptation Fund's strategic results framework in project and programme design. This will allow the Adaptation Fund to track results at the portfolio level.
- (ii) Project and programme proposals should include a baseline for the project or programme, with a description of the problem to be addressed, and include indicator data. If however, major baseline indicators are not identified, the project or programme proposal should include a component for determining how that will be addressed within one year of implementation.
- (d) Include in the guidance document an explanation of the Adaptation Fund's RBM requirements as they relate to project/programme design.
- (Decision B.11/12)**

**3. On the project review timeline**

**At the AFB 12<sup>th</sup> meeting**

11. 48. Following a discussion the Board decided that:
- a) For project proposals to be considered by the Project and Programme Review Committee (PPRC) they would have to be submitted to the secretariat for technical review nine weeks before the meeting of the PPRC at which the project proposals would be considered;
- b) The PPRC would only consider those projects that had received a technical review by the secretariat, and which had then been circulated to the members of the PPRC at least seven days before a meeting of the PPRC; and AFB/B.12/6 12
- c) Projects being submitted for consideration to the fourth meeting of the PPRC must be submitted to the secretariat for technical review no later than 12 January 2011.
- (Decision B.12/10)**

**4. Board Decision on a 8.5% cap for the Implementing Entity management fees**

**At the AFB 11<sup>th</sup> meeting**

12. 86. Following a discussion, and having considered the recommendation of the Ethics and Finance Committee, the Board decided:
- (a) To set a cap for a fee of 8.5 per cent for all projects/programmes funded by the Adaptation Fund;
- (b) That implementing entities should provide a budget on fee use in project or

*programme proposals, which would be considered during project and programme review; and*  
*(c) That the fee policy could be reviewed and adjusted after three years, or more specifically at the meeting of the Board following the ninth session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol.*

***(Decision B.11/16)***

**5. Board Decision on the inclusion of an explanation and a breakdown of all administrative costs in project documents**

**At the AFB 12<sup>th</sup> meeting**

13. 36. *Having considered the comments and recommendations of the Projects and Programme Review Committee, the Adaptation Fund Board decided:*
- (a) To request the secretariat to prepare a desk study on how other funding sources had considered the issue of execution costs and present that study to the Ethics and Finance Committee for its consideration; and*
  - (b) To request to the implementing entities that the project document included an explanation and a breakdown of all administrative costs associated with the project, including the execution costs.*

***(Decision B.12/7)***

**6. Board Decision on a cap of 9.5% and request for a detailed budget and budget notes for execution costs**

**At the AFB 13<sup>th</sup> meeting**

14. 56. *Having considered the recommendation of the Ethics and Finance Committee (EFC), the Adaptation Fund Board decided to:*
- (a) Include in the Project/Programme monitoring and evaluation (M&E) framework a break-down of how implementing entity (IE) fees will be utilized in the supervision of the M&E function;*
  - (b) Set a cap of 9.5% of the project budget for execution costs and to require a Board approval if a project requires an additional budget beyond that limit;*
  - (c) Endorse the standardized template table developed for project execution costs as contained in the Annex to document AFB/EFC.4/7 and to circulate it to IEs for their inputs before final approval at the fourteenth meeting of the Board and inclusion in the project template. The standardized template should be used as guidance in breaking down project execution costs; and*
  - (d) Request IEs to provide budget notes along with a detailed budget for project components.*

***(Decision B.13/17)***



## **Annex: Paragraphs of the revised Operational Policies and Guidelines related to the project cycle<sup>9</sup>**

### **PROJECT CYCLE**

39. Proposals for projects and programmes shall be prepared in accordance with the rules and regulations of the recipient country/ies, and taking into account the criteria approved by the Board. The project cycle of the Adaptation Fund for any project or programme size begins with a proposal submission to the Secretariat by the NIE/MIE chosen by the government of the recipient country/ies. The submission is followed by an initial screening, project review and approval.

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

40. In order to expedite the process of approving projects and reduce unnecessary bureaucracy, it is proposed that small-size projects undergo a one-step approval process by the Board. The proposed project cycle steps are as follows:

(a) The project proponent submits a fully developed project document<sup>10</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 the fully developed project/programme document. Proposals can be submitted to the Board through the Secretariat three times per year or as may be decided at any time by the Board depending on the flow of requests and the available resources. 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 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 proposals received with technical reviews to the Project and Programmes Review Committee at least seven (7) days prior to the meeting. The Project and Programmes Review Committee will review the proposals and give its recommendation to the Board for a decision at the Meeting. The Committee may use services of independent adaptation experts to provide input into the review process if

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<sup>9</sup> This is the revised version of this section of the OPG on project cycle, approved by the Board at its 13<sup>th</sup> meeting, and reflects the Board decisions provided in section III of the present document. These paragraphs are being revised by the Ethics and Finance Committee (Document AFB/EFC.5/7).

<sup>10</sup> A fully developed project is one that has been appraised for technical and implementation feasibility and is ready for financial closure prior to implementation

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**

41. Regular adaptation projects are those that request funding exceeding \$1 million. It is proposed that these proposals undergo either a one-step or a two-step<sup>11</sup> approval process. To reduce the time needed to get a project funded, proponents are encouraged to submit a fully-developed project document<sup>12</sup> for a one-step approval. The proposed project cycle steps for a one-step approval are as follows:

(a) The project proponent submits a 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 can be submitted to the Board through the Secretariat three times per year or any other schedule to be decided by the Board. 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.

(b) The Secretariat will screen all proposals for consistency and provide a technical review. It will then forward the proposals and the technical reviews to the Projects and Programmes Review Committee 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 proposals with technical reviews to the Project and Programmes Review Committee at least seven (7) days before the meeting. The Project and Programme Review Committee will review the proposals and give its recommendation to the Board for a decision at the Meeting. The Committee 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) All 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.

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<sup>11</sup> A brief project concept is approved in the first step followed by the review and approval of a fully-developed project/document in the second-step. 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. Funding will only be reserved for a project after the approval of a fully-developed project document in the second step.

<sup>12</sup> A fully developed project is one that has been appraised for technical and implementation feasibility and is ready for financial closure prior to implementation.

## Adaptation Fund Project Review Criteria

1. The following review criteria for adaptation fund projects are applicable to both the small-size projects and regular projects under the single-approval process. For regular projects using the two-step approval process, only the first four criteria will be applied when reviewing the 1<sup>st</sup> step for regular project concept. In addition, the information provided in the 1<sup>st</sup> step approval process with respect to the review criteria for the regular project concept could be less detailed than the information in the request for approval template submitted at the 2<sup>nd</sup> step approval process. Furthermore, a final project document is required for regular projects for the 2<sup>nd</sup> step approval, in addition to the approval template.

Review Criteria	
1. Country Eligibility	<ul style="list-style-type: none"> <li>• Is the country party to the Kyoto Protocol?</li> <li>• Is the country a developing country particularly vulnerable to the adverse effects of climate change?<sup>13</sup></li> </ul>
2. Project Eligibility	<ul style="list-style-type: none"> <li>• Has the designated government authority endorsed the project?<sup>14</sup></li> <li>• Does the project / programme support concrete adaptation actions to assist the country in addressing the adverse effects of climate change and build in climate resilience?</li> <li>• Does the project / programme provide economic, social and environmental benefits, with particular reference to the most vulnerable communities, including gender groups?</li> <li>• Is the project / programme cost-effective?</li> <li>• Is the project / programme consistent with national or sub-national sustainable development strategies, national development plans, poverty reduction strategies, national communications and adaptation programs of action, or other relevant instruments?</li> <li>• Does the project / programme meet the relevant national technical standards, where applicable?</li> <li>• Is there duplication of project / programme with other funding sources?</li> <li>• Does the project have a learning and knowledge management component to capture and feedback lessons?</li> <li>• Has a consultative process taken place, and has it involved all key stakeholders, including vulnerable groups?</li> <li>• Has the project / programme provided justification for the funding requested on the basis of the full cost of</li> </ul>

<sup>13</sup> Further reference to the eligibility of country can be found in the document: “*Strategic Priorities, Policies, and Guidelines of the Adaptation Fund*”

<sup>14</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.

	<p>adaptation?</p> <ul style="list-style-type: none"> <li>• Does the project / programme align with the AF results framework?</li> <li>• Has the sustainability of the project/programme outcomes been taken into account when designing the project? Are the results of the project / programme sustained after its end?</li> </ul>
3. Resource Availability	<ul style="list-style-type: none"> <li>• Is the requested project / programme funding within the cap of the country?</li> <li>• Is the Implementing Entity Management Fee at or below 8.5 per cent of the total project/programme budget before the fee?</li> <li>• Are the Project Execution Costs at or below 9.5 per cent of the total project/programme budget (including the costs, before the fee)?</li> </ul>
4. Eligibility of NIE/MIE	<ul style="list-style-type: none"> <li>• Is the project / programme submitted through an eligible NIE/MIE that has been accredited by the Board?</li> </ul>
5. Implementation Arrangement	<ul style="list-style-type: none"> <li>• Is there adequate arrangement for project/ programme management?</li> <li>• Are there measures for financial and project risk management?</li> <li>• Is a budget on the Implementing Entity Management Fee use included?</li> <li>• Is an explanation and a breakdown of the execution costs included?</li> <li>• Is a detailed budget including budget notes included?</li> <li>• Are arrangements for monitoring and evaluation clearly defined, including a budgeted M&amp;E plan? Is there a break-down of how implementing entity IE fees will be utilized in the supervision of the M&amp;E function?</li> <li>• Is a project / programme results framework included?</li> <li>• Is a disbursement schedule with time-bound milestones included?</li> </ul>