



ADAPTATION FUND

AFB/PPRC. 7/3
21 November, 2011

Adaptation Fund Board
Project and Programme Review Committee
Seventh Meeting
Durban, 12 December, 2011

THE ADAPTATION FUND PROJECT REVIEW PROCESS: LESSONS LEARNED

I. BACKGROUND

1. The Project and Programme Review Committee (PPRC) of the Adaptation Fund (AF) has considered project and programme proposals since June 2010. In September 2010 the AFB approved the first programme for Senegal, through its National Implementing Entity (NIE), the *Centre de Suivi Ecologique* (CSE). Since then, 11 projects/programmes have been approved, for a total funding of US\$ 69.7 million.

2. The process of review and approval of regular projects and programmes is defined in the Operational Policies and Guidelines of the Adaptation Fund, as follows:

- *The project/programme cycle steps for both concept and fully-developed project document are as follows:*
 - *The project/programme proponent submits a concept/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 shall be submitted to the Board through the Secretariat. 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.*
 - *The Secretariat will screen all proposals for consistency and provide a technical review based on the criteria approved by the Board (Annex 3). It will then forward the proposals and the technical reviews to the PPRC for review. 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 in the review template.*
 - *The Secretariat will send all project/programme proposals with technical reviews to the PPRC at least seven (7) days before the meeting. The PPRC will review the proposals and give its recommendation to the Board for a decision at the meeting. The PPRC may use services of independent adaptation experts to provide input into the review process if needed. In the case of concepts, the Board can endorse, not endorse, or reject a proposal with a clear explanation to the implementing entities. In the case of fully-developed proposals, the Board can approve, not approve, or reject a proposal with a clear explanation to the implementing entities. Rejected proposals cannot be resubmitted.*
- *Proponents with endorsed concepts are expected to submit a fully developed proposal at subsequent Board meetings for approval and funding, following the steps described on paragraph 43 above.*
- *All proposals approved for funding by the Board will be posted on the Adaptation Fund website. Upon the decision, the Secretariat will notify the proponent of the Board decision in writing.*

3. In addition, following the first meeting of the PPRC in June 2010, the project/programme review process was further discussed at the 11th Board meeting and the Board decided that the secretariat will communicate with the proponents of projects/programmes for clarifications on technical issues should they arise.

4. Therefore, the practice adopted by the secretariat has been to undertake an initial technical review after reception of the proposals and to provide feedback to the proponent to allow for a re-submission of the proposals before a final technical review is submitted by the secretariat to the PPRC. Prior to the re-submission of the proposal, the proponent has the opportunity to request a teleconference with the secretariat for further clarification on the initial review findings.

5. The current review process has been implemented through the last five PPRC meetings and has been subject to discussion among PPRC members since the committee's inception. The main issues raised by the members on the process have included:

- The distinction between concept and fully developed proposals and between projects and programmes;
- The need to provide sufficient guidelines to project and programme proponents for them to be able to understand and fulfill the review criteria;
- The definition of "concrete" adaptation measures;
- A clearer definition of the projects/programmes execution/administrative costs; and
- The issue of transparency in the PPRC review process towards the public.

6. The secretariat has been asked to develop and submit to the Committee studies and documents on most of these issues, to assist the PPRC in strengthening the policies and guidelines that are relevant to the review of projects and programmes. With regards to the issue of transparency, since its 13th Board meeting, the PPRC meeting report is made available to the observers present at the meeting and subsequently merged into the report of the Board meeting. On the issue of execution and administrative costs, a desk study was presented to the 4th Ethics and Finance Committee (EFC) meeting, held back-to-back with the 13th Board meeting. The distinction between projects and programmes is still under discussion. Finally, at the 5th meeting of the PPRC in June 2011, the issue of concrete adaptation was comprehensively discussed, leading to a definition that was adopted by the Board as part of the revised OPG:

"A concrete adaptation project/programme is defined as a set of activities aimed at addressing the adverse impacts of and risks posed by climate change. Adaptation projects can be implemented at the community, national and transboundary level. Projects concern discrete activities with a collective objective(s) and concrete outcomes and outputs that are more narrowly defined in scope, space and time."

7. At its fifteenth meeting held in September 2011 in Bonn, the Adaptation Fund Board decided:

To request the secretariat to prepare a paper that discussed:

- a) *The lessons learned from the review process;*
- b) *Those areas where more specific guidelines could be developed for the submission of proposals;*
- c) *The maximum number of times that a proposal can or should be considered by the PPRC before being rejected, and*
- d) *The option to adjust or conditionally approve a proposal contingent on the submission of additional clarification after its approval.*

(Decision B.15/10)

8. The present document is responding to that request and is expected to provide additional guidelines for the preparation of project and programme proposals.

9. The review is outlined as follows:

- An analysis of all the projects and programmes reviewed thus far, to assess the main sectors and vulnerabilities targeted by the proposals, as well as the key weaknesses identified based on the review criteria set by the Board. This analysis will also provide information that will guide the Board on deciding if a limit should be placed on the number of submissions any given proposal may be considered by the PPRC;
- The lessons learned from the review of the projects and the review process itself, including an indication of areas for which more specific guidelines could be developed for the submission of proposals;
- An analysis of the implication of an option to adjust or conditionally approve a proposal contingent to additional clarification; and finally
- Recommendations.

II. Analysis of the proposals received from PPRC 1st meeting (June 2010) to PPRC 6th meeting (September 2011)

II.1. Analysis by sector, IE, region and vulnerability

10. During the period considered by this analysis, the secretariat has screened, reviewed and forwarded recommendations for 32 concepts and 18 full proposals to the PPRC for its consideration, representing 36 projects/programmes in total. Of these, 22 concepts have been endorsed, among which 8 were followed by full proposals which were subsequently approved, following the two-step process. The average funding requested for the 36 proposals submitted until September 2011 is US\$ 6.98 million.

11. Eleven full proposals have been approved to date (Table 1), for a total funding of US\$ 69.7 million or 26.3% of the cumulative funding available for projects/programmes as of June 30, 2011. Of the eleven proposals approved, one was submitted by a National Implementing entity (NIE). **The average turn-around time for the 11 approved proposals (i.e. the time between the first submission of the proposal either as a concept or a full proposal and its final approval) is 6.5 months**, with the lowest time of 0 month (full proposal approved at first submission) for one project and the highest of 15 months for another project. Also, three (3) projects have been approved within 3 months.

Table 1: concepts and full proposals accepted as percentage of the total submitted and total endorsed/approved

	Concepts		Full proposals	
	Endorsed concepts	Concepts endorsed at first submission	Approved proposals	Proposals approved at first submission
Number	22	17	11	7
Total number submitted	32		18	
% of total submitted	69	53	61	39
% of total endorsed/approved	-	77	-	64

12. The number of endorsed concepts and approved full proposals represents 69% and 61% of the total concepts and full proposals submitted, respectively. Among those, 77% of the concepts were endorsed at first submission (17), while 64% of the full proposals were approved at first submission (7). Overall, the concepts and full proposals accepted at first submission represent 53% and 39% of the total submitted concepts and full proposals, respectively. The other concepts were endorsed at the second submission and no concept was submitted more than twice to the PPRC. Of the remaining four approved full proposals, three were approved at their second submission and one approved at its third submission to the PPRC. Of the proposals that were not approved (7), 5 have not been resubmitted yet, one was submitted twice and one submitted 4 times. **Overall only 2 out of 36 proposals have been resubmitted more than two times, representing 5.5% of the total proposals.**

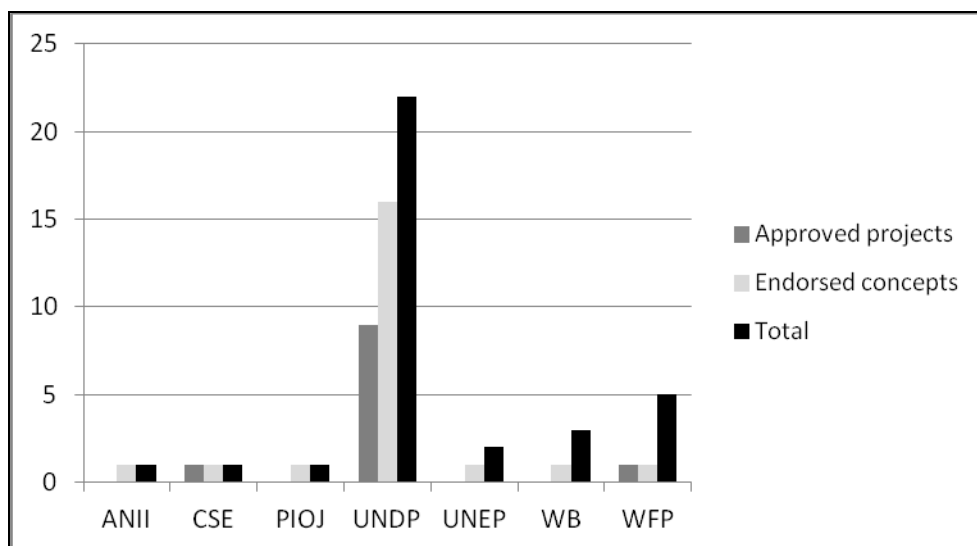
13. Four (4) proposals¹ have been submitted following the one-step process, i.e. submitted as full proposals directly, of which one has been approved at its first submission and another one at its second submission, totaling 2 approved or 20% of the total approved full proposals. Finally, one proposal has been submitted 4 times following the one-step process, and is still not approved. **Overall, the percentage of success for full proposals submitted for the first time through the one-step process is 25%, compared with 67% for the full proposals submitted for the first time through the two-step process.**

14. Of the 32 concepts and 18 full proposals submitted to the PPRC for their consideration, the Committee has followed the recommendation of the secretariat for all of them, except for 3 concepts that were recommended for non endorsement, which the PPRC decided to finally recommend for endorsement.

Implementing Entities

15. Five (5) Multilateral Implementing Entities (MIEs) and three (3) NIEs have submitted proposals during the period considered by this analysis. The United Nations Development Programme (UNDP) is by far the entity with the most proposals submitted (22), followed by the World Food Programme (WFP) (5), the World Bank (3), the United Nations Environment Programme (UNEP) (2) and the World Meteorological Organization (WMO) (1). Three (3) NIEs, the *Centre de Suivi Ecologique* (CSE), the *Agencia Nacional de Investigación e Innovación* (ANII) and the *Planning Institute of Jamaica* (PIOJ) have submitted one proposal each.

16. Of the 11 approved proposals, 9 were submitted by UNDP, and WFP and CSE have each submitted one each. Sixteen (16) concepts submitted by UNDP have been endorsed, and one each for WFP, UNEP, and the World Bank, from the MIE side. From the NIEs, one concept has been endorsed for each CSE, ANII and PIOJ.

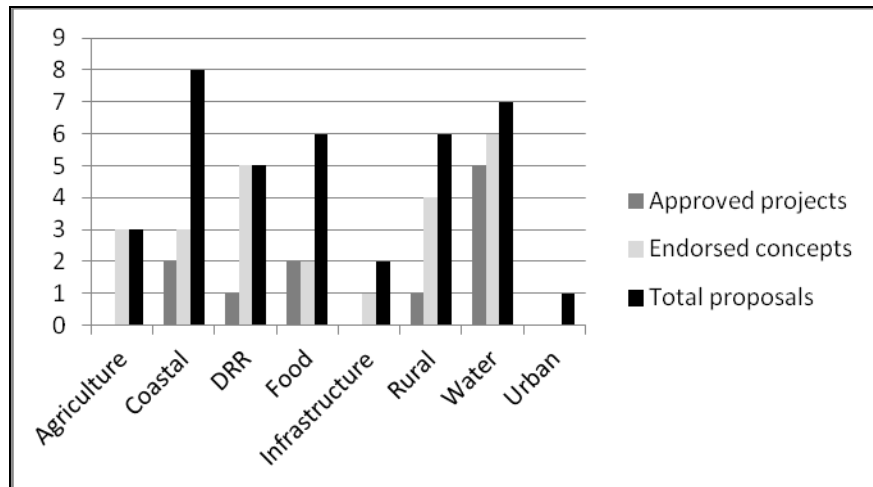


Graph 1: Proposals reviewed by Entity

¹ It should be noted that three additional proposals have been submitted as concepts, which were not endorsed, and were subsequently re-submitted as full proposals. Two were approved, but only after the second submission of the full proposal. The other one was not approved at the first submission of the full proposal and afterwards was not resubmitted by the country.

Sectors

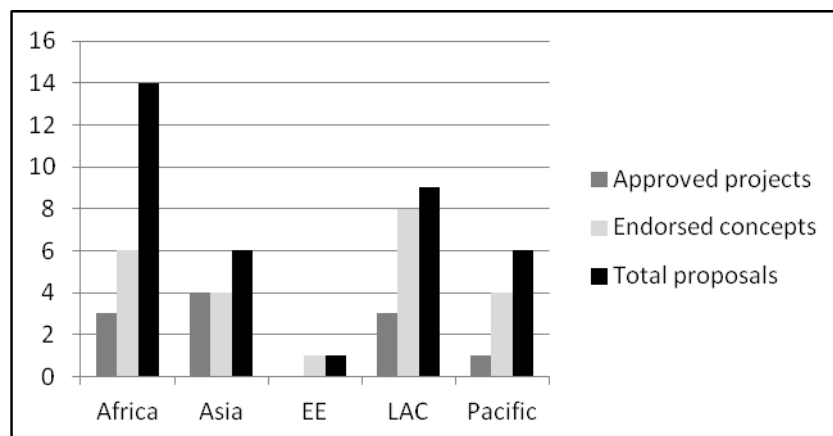
17. All sectors² are covered by the proposals submitted, with coastal management (8) and water management (7) dominating the number of proposals submitted. They are followed by food security and rural development (6 each) and disaster risk reduction (5). Finally, three proposals dealing with agriculture have been submitted (Graph 2). The sector with the most endorsed concepts is water management, followed by disaster risk reduction, with 6 and 5 endorsed concepts, respectively. Water management is also the sector with the most approved full proposals (5).



Graph 2: Proposals reviewed by sector

Regions

18. The region with the highest number of submitted proposals is Africa (14), followed by LAC (9), the Pacific³ region and Asia (6 each). Only one proposal has been submitted by a country of the Eastern European region (Graph 2). However, the region with the most concept proposals that were endorsed is LAC, with 8 endorsed proposals. The region with the most approved full projects is Asia, with 4 approved projects.



Graph 3: Proposals reviewed by Region

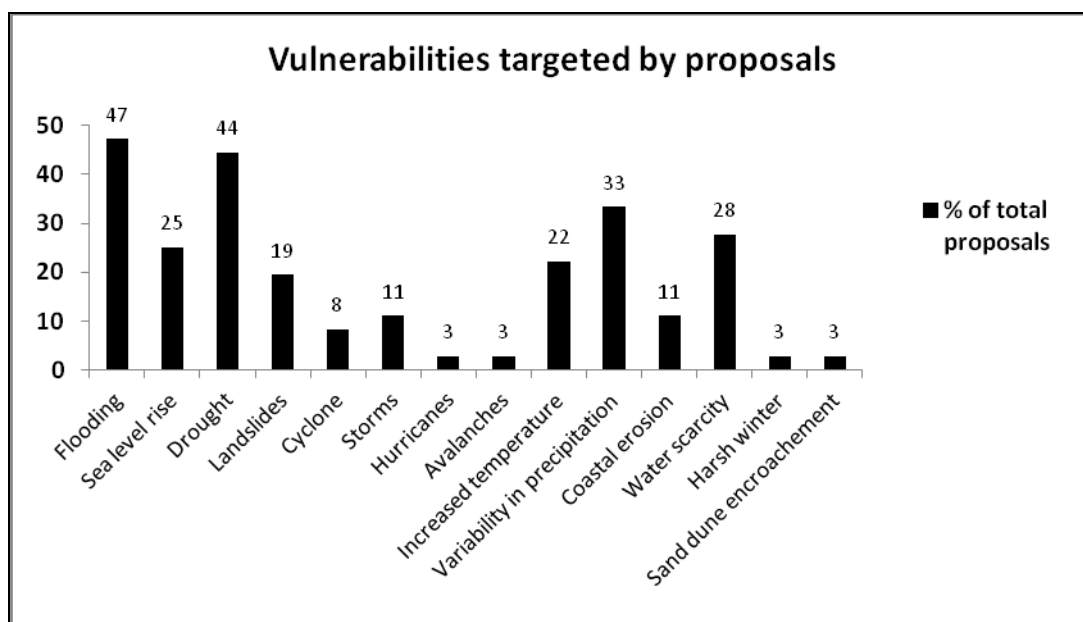
² The sector designation has been done by the secretariat and therefore is subjective.

³ Note that this region does not correspond to a UN region but the secretariat has divided the Asia and Pacific zones because the latter has some particularly in terms of vulnerability to CC and has submitted 6 proposals already.

Vulnerabilities

19. The main vulnerabilities that the 36 projects/programmes submitted to the Board seek to address are described in Graph 4. “Flooding” (covering 47% of total proposals) and “drought” (44% of proposals) are the most common vulnerabilities targeted in the countries covered by these proposals. “Variability in precipitation” (33%) and “water scarcity” (28%) are also important threats that the proposed proposals aim at coping with.

20. Twenty five percent (25%) of the proposals are targeting “sea level rise”, while “increased temperature” and “landslides” are sought to be addressed by 22% and 19% of the submitted proposals, respectively. Finally, taken together, “cyclone”, “tropical storms” and “hurricane” are the vulnerabilities targeted by 22% of the total proposals submitted.



Graph 4: Vulnerabilities targeted by the proposals submitted to the AF

II.2. Key weaknesses identified in initial technical reviews of the proposals, following the review criteria set by the Board

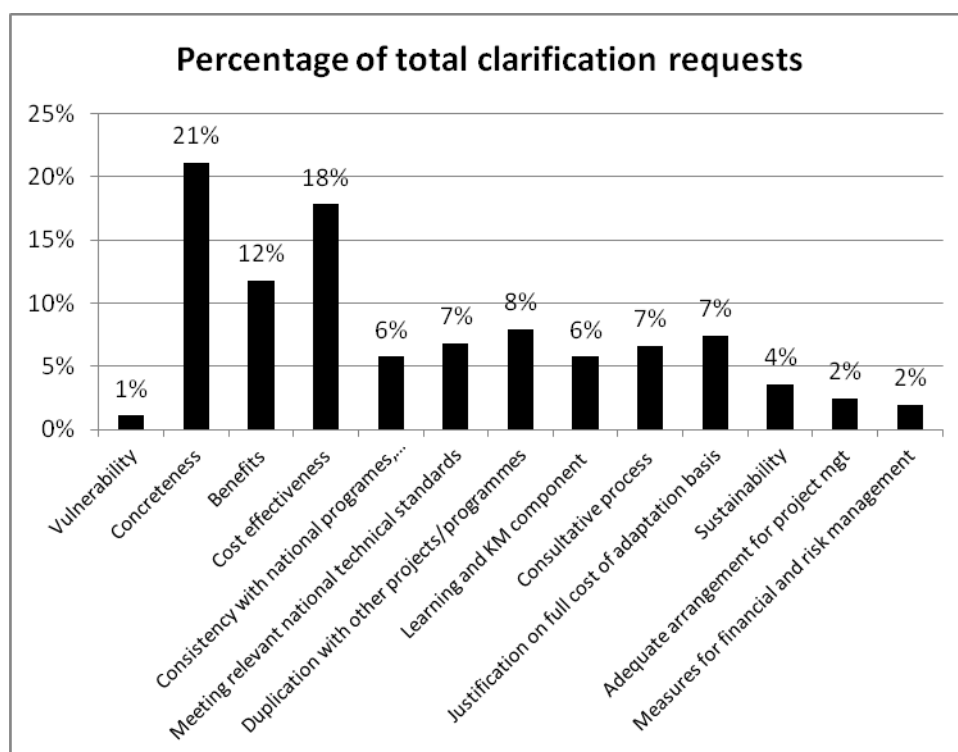
21. As already mentioned above, the secretariat has screened, reviewed and forwarded recommendations for 32 concepts and 18 full proposals to the PPRC for its consideration, since its first meeting in June 2010.

22. The review process, as described in the ‘Background’ section of this document, includes an initial technical review by the secretariat, based on the criteria approved by the Board and provided in Annex 3 of the original version of the Operational Policies and Guidelines (OPG). Since then, these criteria have evolved, taking into account gender and sustainability issues, as well as the relevant Decisions that were made by the Board, on various aspects, i.e. the temporary \$10 million cap per country for AF funding, the caps on execution costs and management fees, the consultative process, the approval of the AF RBM framework, etc.

Therefore, the revised OPG that was approved at the 15th Board meeting includes a revised list of review criteria.⁴

23. A quantitative and qualitative analysis was made, to identify the key weaknesses in the proposals submitted to the secretariat. **For proposals submitted through the two-step process, only the concept documents were analyzed.** The methodology used to perform this analysis was as follows:

- For the quantitative analysis, the number of clarification requests (CR) made against each review criterion during the initial technical review of a proposal⁵, was calculated for all the submitted proposals, in order to assess which criteria were the most difficult to address by the Implementing Entities. The results are presented in Graph 5.
- For the qualitative analysis, the most common issues identified in the reviews, based on an analysis of the clarification requests, were examined (see Annex 2). An explanation is provided in the paragraphs below.



Graph 5: Clarification requests made following the review criteria

24. Graph 5 shows that, from the review criteria set by the AF, the one on “concreteness”⁶ received the most clarification requests (21% of the total requests). This suggests that this criterion is the most difficult to fulfill by the projects and programmes proposals. However, while the Board continued to discuss the definition of “concrete” adaptation measures until agreeing on

⁴ See Annex 1 for the full list of AF review criteria.

⁵ Ibid.

⁶ The exact phrasing of this criterion is: “Does the project / programme support concrete adaptation actions to assist the country in addressing the adverse effects of climate change and build in climate change resilience?”

a definition with the adoption of the revised OPG, this difficulty is less related to the ambiguity in the proponent's interpretation of "concrete" adaptation. . Instead, the common issues related to that criterion and identified in the proposals included (i) the lack of cohesion among the components of the project/programme, (ii) the difficulty of distinguishing between an adaptation project and a "business-as-usual" development project and, related to that issue, (iii) the non-climatic barriers to achieving the project objective that would not be taken into account and finally (iv) the proposed adaptation measures not being suited or adequate for the identified climate threats.

25. Hence, it is clear that this criterion, beyond looking at whether the project/programme will implement "concrete" adaptation actions, has allowed the secretariat reviewers to assess the overall project/programme design and its link with adaptation, to evaluate whether its activities align with the project/programme level goal and objectives and finally, to assess the cohesion of the components among themselves. Also, before the criterion on "sustainability" was included in the list of criteria, it was assessed under the "concreteness" criterion as well.

26. The criterion related to cost effectiveness has also received a significant portion of clarification requests (18% of the total CRs). The cost effectiveness of the proposals is usually questioned because of a poor description of alternative options to the proposed measures and a poor assessment of the project/programme cost effectiveness. Before a separate criterion on sustainability was introduced, clarifications were requested on the project/programme cost-effectiveness from a sustainability point of view. To a lesser extent, the description of the social, economical and environmental benefits of the projects/programmes has triggered a significant number of clarification requests (12%), mostly because they are provided in a very evasive way.

27. The other criteria that were the most subjected to clarification requests include the possible duplication of the proposal with other projects/programmes (8% of the total CRs), the consultative process (7%), the justification of projects/programmes on a full cost of adaptation basis (7%) and finally the consistency of the project/programme with the relevant national standards (7%). On the issue of duplication, in many cases the proposals fail to demonstrate how they do not duplicate with existing projects/programmes or the proposals do not mention existing relevant initiatives that were identified by the secretariat reviewers. The issues related to the consultative process are mainly linked to (i) an insufficient explanation of the scope of the consultation process and its influence over the design and approach of the project, as well as (ii) the role that communities, local governments and NGOs, or universities will play in the implementation of the project/programme and (iii) the lack of consultation of the more vulnerable communities. Clarifications usually requested on the justification of the projects/programmes on a full cost of adaptation basis relate to a poor description of the project/programme baseline, especially the description of the relevant ongoing development projects. Furthermore, it seems that the criterion on "full cost of adaptation" is somehow relevant to and therefore usually addressed under the other criterion on "concreteness". Finally, the use of relevant national technical standards is usually questioned in the absence of adequate information on the environmental safeguards for the proposed adaptation measures, including environmental impact assessment.

28. The questions linked to the consistency of the proposals with the national programmes, strategies and plans (6% of total CRs) usually relate to a poor linkage between the project/programme and relevant national programmes/plans. Finally, the sustainability⁷ of the

⁷ This criterion was not included in the review criteria until the 14th AFB meeting, therefore the percentage of 4% of all clarification requests is largely underrated.

proposed adaptation measures (4%) is usually questioned in terms of the lack of sufficient information on the government's takeover of the outcomes of the project/programme following its closure. Also, the design of the proposals does not sufficiently take into account the sustainability of the initiative through adequate project/programme outputs, with a potential to be scaled up or replicated.

29. In conclusion, there may be a need to “disaggregate” the criterion on “concreteness” into different ones, in order to account for the subjacent points it raises and avoid overlap with other criteria. Also, there are two main areas where it seems that more guidance to project/programme proponents may be needed:

- The evaluation of the projects/programmes cost effectiveness,
- The consultation process that is necessary to prepare the project/programme proposal.

III. Lessons learned on the AF review process

30. The Board of the AF, which is mandated to “to finance concrete adaptation projects and programs”, has developed strategic priorities and strategic policies and guidelines, based on CMP guidance⁸ and on several discussions at the Board level, during its first meetings. These priorities, policies and guidelines were initially designed in order to make the Fund an effective and targeted tool and were adopted by the CMP by decision 1/CMP.3. They can be divided into three categories:

- Priorities, policies and guidelines on the review process and the funding principles of the AF,
- Approval and operations procedures, i.e. one-step and two-step approvals, distinction between projects and programmes, small size and regular size projects.
- Priorities, policies and guidelines that have provided the basis for the set of AF project/programme review criteria described in the OPG.

Review process and funding principles of the AF:

31. The review process of the AF has been evolving since it has started with the first submissions of proposals, in June 2010. This has been explained in more detail in the “Background” section of this document.

32. The strategic priorities, policies and guidelines of the AF have established the funding principles that would allow the Fund to fulfill its role in a targeted and efficient manner. These

⁸ The overall guidance was based on Decision 10/CP.7, Decision 5/CMP.2, and Decision 28/CMP.1 (see Annex 1 of the OPG “Strategic Priorities, Policies and Guidelines of the AF adopted by the CMP”)

include the principle that “short and efficient project development and approval cycles and expedited processing of eligible activities shall be developed”. To that end, the PPRC meets 4 times a year, in order to fast track the endorsement and approval of proposals from eligible countries. Also, the strategies, policies and guidelines have requested that special attention be given to the particular needs of the most vulnerable communities. This has been addressed through the inclusion of an additional review criterion on consultative process involving the most vulnerable groups, including gender considerations. Another principle is that “funding for projects and programmes will be available at national, regional and community levels”. This is reflected in the current projects and programmes portfolio (approved full proposals) and pipeline (endorsed concepts), since they include activities planned at national, sub-national and community levels. The Operational Policies and Guidelines have also included a provision for regional projects/programmes in the sense of “transboundary” regions, but the Board is in the process of refining the guidelines on this issue and has prohibited any submission of such proposals until then.

33. The lessons that can be drawn for this category are as follows:

- The rate of endorsement/approval of the concepts and full proposals submitted to the Board from June 2010 to September 2011 is above 60% (65% for the concepts and 61% for the full proposals). Additionally, the average turn-around time for project approval is 6.5 months. This is consistent with the call for a swift process expressed by the CMP.
- Also related to the efficiency of the process, the number of proposals re-submitted more than twice to the Board is currently very low, representing only 2 out of 36 proposals submitted or 5.5% of the total proposals submitted. Hence, most of the Implementing Entities have been able to improve the proposals at a subsequent resubmission, following consultations with the secretariat. **Therefore, it is of the opinion of the secretariat that a ruling on a maximum number of times that a proposal can or should be considered by the PPRC before being rejected is not necessary at this time.**
- With 12.4% of the total funding allocated to projects/programmes, NIEs have a very low share of the proposals submitted (3 out of 36, or 8%). This is understandable since until June 2011, only 3 NIEs were accredited. However, this figure is expected to increase with the number of NIEs being accredited (6 as of September 2011) anticipated in the future. Additionally, with the cap of 50% of the total AF funding available for MIEs, the countries have received a clear signal that funding is set aside to support the direct access modality promoted by the AF.
- Although as of March 2011, the total number of accredited IEs was 11, UNDP alone carries 63% of all proposals submitted. In addition, only 4 out of the 9 existing MIEs have submitted proposals. This raises the question of whether some accredited MIEs have enough experience in developing projects/programmes following the AF standards or whether the AF project/programme cycle fits with their business model. Another explanation could be a strategic decision by some MIEs to refrain from submitting proposals in order to give NIEs the opportunity to access funding. In any case, there may be a need for more guidance on AF projects/programmes development towards the IEs.

Approval and operations procedures:

34. These procedures have been defined in the Annex 3 of the OPG and provide guidelines on the two categories of approval processes (one- and two-steps), the two categories of projects regular and small-size), the documentation required before submission and the disbursement of funds. From the analysis of the proposals submitted until June 2011, the following lessons can be drawn on these aspects:
- Proposals submitted through the two-step process are more likely to be approved than the ones submitted directly as full proposals. This could be explained by the fact that the submission of an elaborated full proposal through a one-step process leaves little flexibility for modification of the proposal by the IEs when the secretariat provides its initial review, within the 7-10 days provided for such modification, thus potentially leading to a subsequent non-approval by the Board. The endorsed concepts on the other hand, usually provide a project/programme rationale that is reviewed and endorsed, making it easier to get approval when re-submitted as a full proposal.
 - The financing window for small-size projects and programmes has not been used yet. This could be explained by the fact that since there was no funding limit until the temporary cap on \$10 million per country was decided, and the cap is an order of magnitude above the level of a small-size project, countries are more inclined to submit projects for higher amounts. However, it is expected that some countries will use that modality in the future, including those that have already submitted a project/programme and been approved for an amount under the temporary country cap.
 - The use of the same template for a concept and a full proposal may lead to some confusion from the IE side, on the level of detail and the type of information to provide for a concept compared with a full proposal. Hence it may be useful in the future to have distinct templates, which may provide specific guidance for preparing each type of proposals.

AF project/programme review criteria:

- The review criteria have significantly evolved since they were first established, to take into account relevant aspects aiming at improving the quality of projects submitted to the AF. However, additional guidance is needed in the case of a few criteria to help the IEs to address them in a satisfactory manner.
- Also, the criterion “*Does the project / programme support concrete adaptation actions to assist the country in addressing the adverse effects of climate change and build in climate change resilience?*” seems to be too broad, entailing several issues such as the quality of the overall project design, the linkages between the different components of the project/programme and their alignment with its goal and objectives.

IV. Implication of an option to adjust or conditionally approve a proposal contingent to additional clarification

35. At the 15th meeting of the AFB, a Board member had suggested that the secretariat analyses the option of adjusting or conditionally approving projects and programmes, contingent to the submission of additional clarification after their approval.

36. It is the opinion of the secretariat that conditional approval of a project/programme may raise the following issues:

- In terms of secretariat and PPRC workload and therefore, the fluidity of the review process: an additional step of review and/or monitoring would be required to assess if a project or programme approved with condition(s) has fulfilled or complied with those condition(s);
- In terms of project/programme quality control: the fact that one or more criteria have not been fulfilled during the secretariat and PPRC review and the project/programme is granted with a conditional approval, may obscure the minimum criteria required for project/programme approval, hence affecting its overall quality.
- In terms of the development of rules and procedures to grant or revoke conditional approval: related issues include the definition of the types of clarification or the review criteria that can be subject to conditional approval and the prioritization among those criteria to define which ones are less relevant than others.

37. Finally, as mentioned in the lessons learned section above, (i) the approval rate of full proposals is above 60% and a very few number of proposals are submitted more than twice without being approved and (ii) the average turn-around time of 6.5 months for project approval is quite reasonable. **Therefore, based on the current approval rate and turn-around time, it may not be relevant to use the option of conditional approval, with all the constraints it may raise.**

V. Recommendations

38. Based on the lessons learned from the review process, the secretariat invites the PPRC to consider making the following recommendations to the Board, for its approval:

- To request the secretariat to prepare a guidance document for project proponents to better apprehend the different sections of the proposal template, more specifically on (i) the demonstration that the project / programme supports concrete adaptation actions, (ii) the the demonstration of the cost effectiveness of the projects/programmes, (iii) the use of relevant national technical standards by the project and (iv) the consultative process that is necessary to prepare the project/programme proposal.
- Based on the guidance document, to request the secretariat to consider the possibility of developing a specific template for concept documents, with tailored guidelines on how to complete the mandatory sections for concept proposals.

Annex 1: AF project and programme review criteria

Adaptation Fund Project/Programme Review Criteria

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

Review Criteria	
1. Country Eligibility	<ul style="list-style-type: none"> • Is the country party to the Kyoto Protocol? • Is the country a developing country particularly vulnerable to the adverse effects of climate change?⁹
2. Project Eligibility	<ul style="list-style-type: none"> • Has the government endorsed the project through its Designated Authority?¹⁰ • Does the project / programme support concrete adaptation actions to assist the country in addressing the adverse effects of climate change and build in climate change resilience? • Does the project / programme provide economic, social and environmental benefits, with particular reference to the most vulnerable communities, including gender considerations?¹¹ • Is the project / programme cost-effective? • Is the project / programme consistent with national sustainable development strategies, national development plans, poverty reduction strategies, national communications or adaptation programs of action, or other relevant instruments? • Does the project / programme meet the relevant national technical standards, where applicable? • Is there duplication of project with other funding sources? • Does the project / programme have a learning and knowledge management component to capture and feedback lessons? • Has a consultative process taken place, and has it involved all key stakeholders, and vulnerable groups, including gender considerations? • Has the project / programme provided justification for the funding requested on the basis of the full cost of adaptation? • Does the project / programme align with the AF results

⁹ Further reference to the eligibility of country can be found in the document: "Strategic Priorities, Policies, and Guidelines of the Adaptation Fund"

¹⁰ The Designated Authority referred to in paragraph 20 of the OPG.

¹¹ The criteria in red have been added during the revision of the OPG, which was approved at the 15th Board meeting.

	<p>framework?</p> <ul style="list-style-type: none"> • Has the sustainability of the project/programme outcomes been taken into account when designing the project?
3. Resource Availability	<ul style="list-style-type: none"> • Is the requested project funding within the cap of the country? • Is the Implementing Entity management fee at or below 8.5 per cent of the total project/programme budget before the fee? • Are the project/programme execution costs at or below 9.5 per cent of the total project/programme budget before the fee?
4. Eligibility of NIE/MIE	<ul style="list-style-type: none"> • Is the project submitted through an eligible NIE/MIE that has been accredited by the Board?
5. Implementation Arrangement	<ul style="list-style-type: none"> • Is there adequate arrangement for project management? • Are there measures for financial and project risk management? • Are arrangements for monitoring and evaluation clearly defined, including a budgeted M&E plan? • Is a project results framework included? Are relevant targets and indicators disaggregated by sex?

Annex 2: Most common issues encountered during the review of proposals

Review criteria	Key issues
Is the country a developing country particularly vulnerable to the adverse effects of climate change?	<ul style="list-style-type: none"> • Low level of information on the climate scenarios
Does the project / programme support concrete adaptation actions to assist the country in addressing adaptive capacity to the adverse effects of climate change and build in climate resilience?	<ul style="list-style-type: none"> • Link between the components not clear; • Thin line between the adaptation project and a classic development project; • Proposed adaptation measures do not seem adequate; • Non-climatic barriers to achieving the project objective are not addressed.
Does the project / programme provide economic, social and environmental benefits, with particular reference to the most vulnerable communities, including gender considerations?	<ul style="list-style-type: none"> • The economic, social and environmental benefits are provided in a very evasive way.
Is the project / programme cost-effective?	<ul style="list-style-type: none"> • Alternative options not described enough • Poor assessment of the project/programme cost effectiveness
Is the project / programme consistent with national sustainable development strategies, national development plans, poverty reduction strategies, national communications or adaptation programs of action, or other relevant instruments?	<ul style="list-style-type: none"> • Poor linkage between the project/programme and relevant national programmes/plans
Does the project / programme meet the relevant national technical standards, where applicable?	<ul style="list-style-type: none"> • Adequate information on the environmental safeguards for the adaptation measures is not provided.
Is there duplication of project with other funding sources?	<ul style="list-style-type: none"> • Synergies and collaboration with existing relevant initiatives are not clearly established.
Does the project / programme have a learning and knowledge management component to capture and feedback lessons?	
Has a consultative process taken place, and has it involved all key stakeholders, and vulnerable groups, including gender considerations?	<ul style="list-style-type: none"> • Scope of consultation process is not provided enough; • Role communities, local governments and NGOs, or universities will play in the implementation of the project/programme not sufficiently explained; • Vulnerable communities have not been consulted.
Has the project / programme provided justification for the funding requested on the basis of the full cost of adaptation?	<ul style="list-style-type: none"> • The baseline is not clearly described, especially the description of ongoing development projects, relevant to the project;
Does the project / programme align with the AF results framework?	
Has the sustainability of the project/programme outcomes been taken into account when designing the project?	<ul style="list-style-type: none"> • Enough information is not provided on the government's takeover of the outcomes of the project/programme following its closure;
Is the requested project funding within the cap of the country?	
Is the Implementing Entity management	

fee at or below 8.5 per cent of the total project/programme budget before the fee?	
Are the project/programme execution costs at or below 9.5 per cent of the total project/programme budget before the fee?	
Is the project submitted through an eligible NIE/MIE that has been accredited by the Board?	
Is there adequate arrangement for project management?	
Are there measures for financial and project risk management?	
Is a budget on the Implementing Entity Management Fee use included?	
Is an explanation and a breakdown of the execution costs included?	
Is a detailed budget including budget notes included?	
Are arrangements for monitoring and evaluation clearly defined, including a budgeted M&E plan?	
Is a project results framework included? Are relevant targets and indicators disaggregated by sex?	