



ADAPTATION FUND

AFB/PPRC.7/Inf.1
28 November, 2011

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

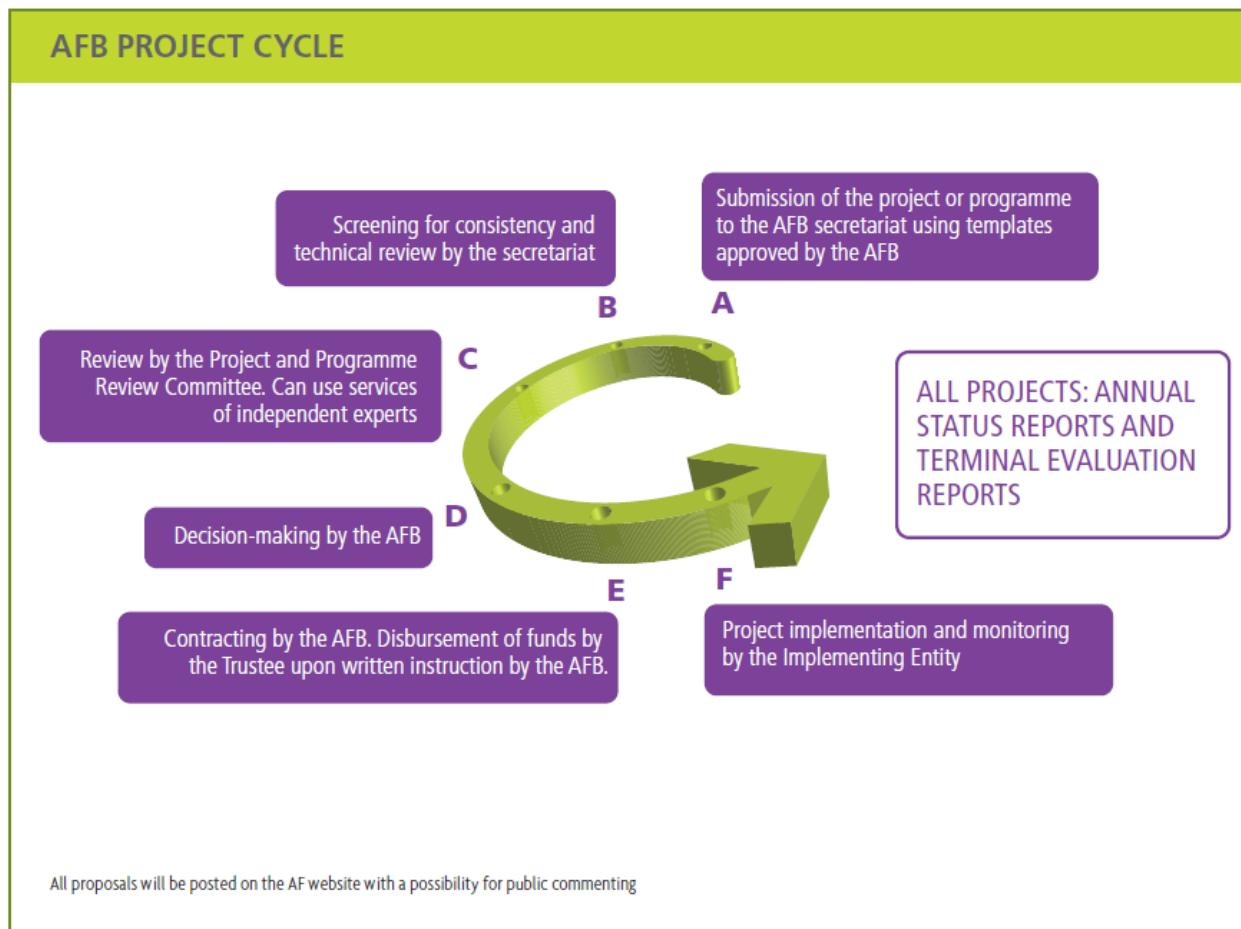
COMPENDIUM OF BOARD DECISIONS RELATED TO THE PROJECT REVIEW CYCLE

I. Background

1. The Project and Programme Review Committee (PPRC) at its 4th 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 5th 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). The present document is an updated version of the previous compendium presented at the AFB 14th meeting, as document AFB.PPRC.5.Inf1. It has incorporated the latest Board decisions, up to the AFB 15th meeting.

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 7th and 8th meeting, prior to the amendment submitted at the 13th 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 cycle¹

4. 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/programme review and approval.²

Review and Approval of Small-size Projects and Programmes

5. 41. 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/programme proponent submits a fully developed project/programme document³ 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 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 (PPRC) 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/programme proposals received with technical reviews to the PPRC at least seven (7) days prior to 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. 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.

¹ This is the revised version of the OPG, as approved by the Board at its 13th meeting. It reflects the Board decisions in section III of the present document. Changes from the original OPG are underlined.

² The Designated Authority referred to in paragraph 21 above shall endorse the proposal submission.

³ A fully developed project/programme 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/programmes are those that request funding exceeding \$1 million. These proposals may undergo either a one-step or a two-step approval process. In the one-step approval process the proponent shall submit a fully-developed project/programme document. In the two-step approval process a brief project/programme concept shall be submitted as first step followed by a fully-developed project/document. Funding will only be reserved for a project/programme after the approval of a fully-developed project document in the second step. The project/programme cycle steps for both concept and fully-developed project document are as follows:
- a) 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.
 - b) 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.
 - c) 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.

Adaptation Fund Project Review Criteria

7. Annex 3
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?⁴
2. Project Eligibility	<ul style="list-style-type: none"> • Has the government endorsed the project through its Designated Authority?⁵ • 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, <u>including gender considerations?</u> • 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 the project / programme provided justification for the funding requested on the basis of the full cost of adaptation? • <u>Does the project / programme align with the AF results framework? Does it include at least one core outcome indicator from the Fund's results framework?</u> • <u>Has the sustainability of the project/programme outcomes been taken into account when designing the project?</u>
3. Resource Availability	<ul style="list-style-type: none"> • Is the requested project funding within the cap of the country? • <u>Is the Implementing Entity management fee at or below 8.5 per cent of the total project/programme budget before the fee?</u> • <u>Are the project/programme execution costs at or below 9.5</u>

⁴ Further reference to the eligibility of country can be found in the document: "Strategic Priorities, Policies, and Guidelines of the Adaptation Fund"

⁵ The Designated Authority referred to in paragraph 20 of the OPG.

	<u>per cent of the total project/programme budget before the fee?</u>
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? <u>Is there a breakdown of how implementing entity IE fees will be utilized in the supervision of the M&E function?</u> • <u>Is a project results framework included? Are relevant targets and indicators disaggregated by sex?</u> • <u>Is an explanation and a breakdown of the execution costs included?</u> • <u>Is a detailed budget including budget notes included?</u> • <u>Is a disbursement schedule with time-bound milestones included?</u>

III. Board Decisions relevant to the project review cycle

1. On the programme template

8. **At the AFB 8th 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 11th 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 12th 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 11th 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 12th 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 13th meeting

14. 56. *Having considered the recommendation of the Ethics and Finance Committee (EFC), the Adaptation Fund Board decided to:*
- (e) 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;*
 - (f) 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;*
 - (g) 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*
 - (h) Request IEs to provide budget notes along with a detailed budget for project components.*
- (Decision B.13/17)**

At the AFB 14th meeting

15. 87. *The representative of the secretariat reminded the Board that pursuant to paragraph (c) of decision B.13/7 the secretariat had circulated the standardized template table developed for project execution costs, as contained in the Annex to document AFB/EFC.4/7, to implementing entities for their inputs before its final approval at the 14th meeting of the Board and subsequent inclusion in the project template. He said that the secretariat had only received comments from UNDP and the Inter-American Development Bank (IDB), both of which had provided examples of their own templates. UNDP used their ATLAS system while IDB used a template which broke down costs items and therefore providing a more detailed description of those costs. [...]*
90. *Following the discussion on the inputs received from UNDP and IDB the Board decided to approve the template as orally modified, taking into consideration some of the elements of models that had been received. The template as modified is attached as Annex VI to the present report.*
- (Decision B.14/29)**

7. On defining a more strategic approach to project/programme review at the PPRC level

At the AFB 15th meeting

16.

58. Having considered the comments and recommendations of the Project and Programme Review Committee, 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. On the rules pertaining to the submission of two or more proposals by the same country for the same meeting, for which the total cumulative value exceeds the country cap

At the AFB 15th meeting

17.

62. Having considered the comments and recommendations of the Projects and Programme Review Committee, the Adaptation Fund Board decided that it would not consider one or more project/programme proposal submitted to a meeting for the same country for which the total cumulative value exceeds the country cap.

(Decision B.15/11)

9. On the consideration of country cap in the context of regional projects/ programmes

At the AFB 14th meeting

18.

74. Following discussions, and having considered the recommendation of the Ethics and Finance Committee, as orally revised, the Board decided to:

- (a) Establish an ad hoc working group, composed of the Chair and Vice-Chair, four members from the Ethics and Finance Committee and four members from the Project and Programme Review Committee, to consider the issues of regional criteria, country caps and the definition of regional projects/programmes;*
- (b) Name the following members and alternate members to the ad hoc committee: Ms. Ana Fornells de Frutos (Spain) and Mr. Luis Santos (Uruguay), respectively Chair and Vice-Chair of the Board, Ms. Kate Binns (United Kingdom), Mr. Yutaka Matsuzawa (Japan), Mr. Santiago Reyna (Argentina) and Mr. Peceli Vocea (Fiji) from the Ethics and Finance Committee; and Mr. Cheikh Ndiaye Sylla (Senegal), Mr. Jeffery Spooner (Jamaica), Ms. Angela Churie-Kallhauge (Sweden) and Mr. Amjad Abdulla (Maldives) from the Project and Programme Review Committee;*
- (c) Request the secretariat to send a letter to any accredited regional implementing entities informing them that they could present a country project/programme but not a regional project/programme until a decision had been taken by the Board, and that they would be provided with further information pursuant to that decision;*
- (d) Defer consideration of the proposal contained in document AFB/EFC.5/6 until the 15th meeting of the Board, noting the importance of a decision at the 16th meeting so that regional programmes can be approved;*
- (e) Request the secretariat to revise the document, elaborating on the following issues:*
 - (i) The interim nature of the country cap, and relationship to the cap on Multilateral Implementing Entities;*
 - (ii) Added value of regional approaches; and*
 - (iii) Quality considerations in regional projects and programmes, and related project/programme review criteria.*

(Decision B.14/25)

At the AFB 15th meeting

19.

114. Having heard the report of the secretariat on the country cap in the context of regional project/programmes, and the views expressed on it, the Board decided to:

(a) Request the secretariat to produce a revised paper that:

(i) Reflects the experience on regional projects and programmes gained by other agencies, such as UNEP, the GEF, the World Bank, the PPCR, as well as that of the regional development banks; and

(ii) Presents a proposal on the definition of regions in the context of regional projects and programmes;

(b) Consider the revised report of the secretariat as input for the Board's development of a policy on the approval of regional projects and programmes at the Board's 16th meeting.

(Decision B.15/28)