



ADAPTATION FUND

AFB/EFC.3/4
December 10, 2010

Adaptation Fund Board
Ethics and Finance Committee
Third Meeting
Cancun, December 13, 2010

Agenda item 4

PROJECT PERFORMANCE REPORTING PROCESS, STRUCTURE, AND CONTENT

I. BACKGROUND

1. At its tenth meeting in June 2010, the Board considered the paper *An Approach to Implementing Results Based Management (RBM)*, contained in document AFB/EFC.1/3/Rev.2. The Board highlighted that the RBM approach should be commensurate with the resources available. With this in mind, the Board agreed that the implementation of a RBM approach should take place stepwise, applying the lessons learned by the Board in planning, monitoring and evaluation. The Board requested that reporting requirements be kept as simple as possible, and that the process be streamlined to include only a limited number of key indicators. The Board agreed to the RBM approach outlined in document AFB/EFC.1/3/Rev. 2 and asked the secretariat to design a Performance Monitoring and Reporting System. The system should capture ongoing results through the collection and analysis of a small number of indicators that are timely, reliable, and cost-efficient.
2. The following document presents a proposed performance and monitoring reporting system for the Adaptation Fund. The paper outlines the goals of the system, the requirements for project/programme level reporting, the reporting cycle, and a proposed implementation time frame.

II. OVERVIEW OF REPORTING PROCESS

3. **Purpose:** As outlined in the Fund's RBM policy, monitoring tracks the progress toward a set of benchmarks, and measures it towards outcomes, while evaluation validates results and can make overall judgments about why and to what extent the intended and unintended results were achieved (e.g., increased resilience, decreased vulnerability, improved cost-effectiveness). Reporting captures progress and results, and is an important accountability tool.
4. To balance simplicity and accountability the proposed reporting system would consist of three main components:
 - i. Project/Programme Performance Report (PPR);
 - ii. Project/Programme Terminal evaluations;
 - iii. Adaptation Fund Annual Performance Report (AFAPR)
5. **Component 1: Project/Programme Performance Report (PPR):** Once a project is approved and the first funds are allocated to the project, the implementing entity is required to submit a project/programme performance report on an annual basis. The PPR would require reporting on a number of areas including, financial, procurement, risk, implementation progress, progress toward project outputs and outcomes.
6. **Component 2: Project/Programme Terminal Evaluations:** According to the Adaptation Fund's operational policies and guidelines all projects/programmes are required to undertake a terminal evaluation. Guidelines for terminal evaluations will be presented at the fourteenth Board meeting (March 2010). Monitoring and evaluation are complementary, but separate, functions and as such a separate annual report on projects/programmes that have undergone an evaluation is proposed.

7. **Component 3: Adaptation Fund Annual Performance Report (AFAPR):** Fund level portfolio outcome monitoring will occur on an annual basis to track progress towards reaching intended outcomes. The status of portfolio monitoring will be presented annually at the Board meetings, through an *Adaptation Fund Annual Performance Report* (AFAPR). Individual project/program reports will be analyzed and reported on through the AFAPR. In addition to the analysis of project level data, the AAPR will report on Fund efficiency and effectiveness (process monitoring) to track whether the Fund’s portfolio is being implemented as intended, standards are being met, and resources are being used efficiently (agreed to through B10/13 and reproduced here as Annex II).
8. Under the direction of the *Ethics and Finance Committee*, the secretariat will be responsible for preparing this report, which will be the principal instrument for reporting on active Fund projects. With a standardized approach, the AFAPR will facilitate the aggregation of a few key outcomes and present Fund level results that *contribute* to the overall goal and objectives of the Fund.

Figure 1: Reporting Process



III. INFORMATION MANAGEMENT SYSTEM

9. To successfully monitor the Adaptation Fund’s active portfolio, it is critical to have a robust information management system. The Board through its decision B.10/13 requested that the secretariat move forward with the development of a comprehensive database. Specifically, the Board requested, an independent project web-based publicly accessible database to maintain the transparency of the Adaptation Fund. The database should integrate fully the elements required for proper monitoring of 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. The development of the system should be fully coordinated with decisions about how performance would be measured.

10. The database will be the cornerstone of the Adaptation Fund’s information management system. The system should have the following capabilities:

- i. Tracking of information through the lifecycle of projects/programmes. From project/programme concept through project/programme completion.
- ii. Tracking of the effectiveness and efficiency indicators agreed to by the Board (Annex II)
- iii. Allowing for access to the different stakeholders of the Adaptation Fund.
- iv. [Others]

IV. PROJECT/PROGRAMME PERFORMANCE REPORT SECTIONS

11. The secretariat is currently designing a comprehensive Project Performance Report (PPR) template, which each project/programme will have to submit to the *Ethics and Finance Committee*, through the secretariat on a yearly basis. A snapshot of the first section is included as Annex 1.

12. There are six proposed sections for the template. Not every section would be filled out every year but data on each section would be filled out at least once during the lifetime of the project.

- i. **Section 1 Basic Data:** This section would include a project/programme summary, milestone dates, project/programme contacts and the like. Most parts of this section would be filled out only once during the project/programme lifetime.
- ii. **Section 2 Financial and Procurement Data:** This section would include data on disbursements to date, expenditure data, and other relevant procurement/financial information. Data would need to be filled out every year.
- iii. **Section 3 Project/programme Risk:** This section will ask for critical risks (those with a probability of occurring at an agreed percentage), type of risk,
- iv. **Section 4 Project/programme Rating:** This section will include a self-rating from the project management on implementation progress based on a set of criteria to be developed.
- v. **Section 5 Project/programme Indicators:** This section will track progress against project level outputs and outcomes. Each project/programme will also include at least one core indicator from the AF’s strategic results framework
- vi. **Section 6: Knowledge Management:** This section will ask Project/Programmes to report at mid-term and end of project on lessons learned, best practices, etc.

V. IMPLEMENTATION TIME FRAME

13. The chart below outlines a time frame for implementing the reporting process, integrating data needs into the AF database, and completing the first AFAPR.

Action Item	Deadline
1. Complete Template Fields and Reference Guide	February 28, 2011
2. Input from implementing entities with approved	March 30, 2011

projects/programmes

3. Finalize template based on implementing entities' feedback	April 14, 2011
4. Circulate to Board for approval by mail	April 28, 2011
5. Integrate fields into database	May-July, 2011
6. First Adaptation Fund Annual Performance Report submitted to Board	December 2011

VI. RECOMMENDATION

14. The EFC may wish to consider document AFB/EFC.3/4 and to recommend to the Board:
 - a) approval of the reporting process;
 - b) approve the project/programme reporting sections and instruct the secretariat to fully develop each section; and
 - c) request the secretariat to move forward with the proposed time frame and implementation plan outlined in section five of the document.

ANNEX 1: PROJECT PERFORMANCE TEMPLATE



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PROJECT PERFORMANCE REPORT

Project Title:

Project Summary:

Database Number:

Implementing Entity (name):

Type of IE:

Country(ies):

Relevant Geographic Points
(i.e. cities, villages, bodies of
water):

Project Milestones

Milestone

AFB Approval Date:

Start of Project/Programme:

Mid-term Review (if planned):

Terminal Evaluation:

List documents/ reports/ brochures / articles that have been prepared about the project.

List the Website address (URL) of project.

Project contacts:

National Project Manager/Coordinator

Name:

Email:

Date:

Government DA

Name:

Email:

Date:

Executing Agency

Name:

Email:

Date:

ANNEX 2: ADAPTATION FUND LEVEL EFFECTIVENESS AND EFFICIENCY RESULTS FRAMEWORK

1. Secure Financing and Financing Mechanisms	1.1 – Increased and diversified resources	
	1.1.1 – Total value of CERs (US\$)	
	1.1.2 – Conversion ratio of CERs (market conversion rate of credits to \$)	
	1.1.3 – Number of bilateral donors	
	1.1.4 – Actual bilateral contributions	
	1.2 – Efficient cost structure	Target
	1.2.1 – Board, Secretariat, and Trustee costs against total Adaptation Fund resources - %	FY 2011 (will be used to set targets)
	1.2.2 – Implementing Entities fees against total Fund resources allocated	
	1.2.3 – Executing Entity Cost against total project cost (minus fees)	
	1.2.4 – Total Transaction cost as percentage of total expenditures (aggregation of 1.2.1, 1.2.2, 1.2.3)	
1.2.5 – Total disbursements vs. committed		
2. Improve Efficiencies in Project Cycle	2 – Project Cycle Efficiency	Target
	2.1 – Average response time to process complete proposals for project approval	
	2.2 Average response time for secretariat to screen projects/programmes	15 days

3. Quality of Entry	3 – Quality at Entry	Target
	3.1 – Percent of projects/programmes with complete M&E framework	
	3.2 Percent of projects/programmes with M&E frameworks that align to national M&E frameworks	
	3.3 – Percent of projects/programmes with baselines completed at project/programmes start up	
	3.4 - Percent of project/programmes approved by the Board that were recommended by the PPRC	
	3.5 – Percent of projects/programmes that include climate change risk and vulnerability assessments	
4. Results Driven Implementation	4.1 – Fund Performance Rating	Target
	4.1.1 – Percentage of projects/programmes that have received [good/satisfactory] performance ratings ¹	
	4.1.2- Number of project/programme concepts that are endorsed	
	4.1.3 – Number of project/programme concepts that are rejected	
	4.1.4 – Number of fully developed proposals that have received funding	
	4.1.5- Number of fully developed proposals that were rejected	
	4.1.6 -- Number of fully developed proposals that were endorsed but need to be developed further	
	4.1.7 – Percent of projects/programmes that have received good/satisfactory performance ratings at mid-term review	

¹ Ratings will be proposed as part of the draft project progress report template and guidelines.

	4.1.8—Percent of projects/programmes that have received good/satisfactory ratings at mid-term review	
	4.1.9- Number of projects suspended/canceled projects/programmes	
	4.2 – Learning is part of project implementation	Target
	4.2.1 – Percent of projects/programmes with knowledge management component	
	4.3 – Efficient Reporting	Target
	4.3.1– Percent of project monitoring reports (PPR) submitted in complete form and meeting deadline	