



ADAPTATION FUND

AFB/PPRC.16/14
8 April 2015

Adaptation Fund Board
Project and Programme Review Committee
Sixteenth meeting
Bonn, Germany, 7-8 April 2015

REPORT OF THE SIXTEENTH MEETING OF THE PROJECT AND PROGRAMME REVIEW COMMITTEE

Agenda Item 1: Opening of the Meeting

1. The meeting was opened at 9.10 am on Tuesday, 7 April 2015, by the outgoing Chair, Mr. Ezzat Lewis Hannalla Agaiby (Egypt, Africa), who welcomed the members of the Project and Programme Review Committee (PPRC). The members present at the meeting are listed in Annex I to the present report.
2. The outgoing Chair thanked the members of the PPRC for their hard work over the previous year and expressed his thanks to the secretariat for its support.

Agenda Item 2: Transition of the Chair and the Vice-Chair

3. The outgoing Chair reminded the PPRC that at its twenty-fourth meeting the Board had decided to elect Ms. Yuka Greiler (Switzerland, Western European and Others Group) as Chair of the PPRC for 2015. He invited Ms. Greiler to take over as Chair of the meeting.
4. The incoming Chair said that the Vice-Chair of the PPRC still needed to be elected by the Board and she invited the members from the Non Annex I Parties to consult among themselves and propose a candidate. Following consultations Mr. Yerima Peter Tarfa (Nigeria, Africa) was proposed as acting Vice-Chair of the PPRC pending his ratification by the Board.
5. The incoming Chair welcomed the following new members to the PPRC:
 - Mr. Ahmed Waheed (Maldives, Asia)
 - Mr. Albara E. Tawfiq (Saudi Arabia, Asia)
 - Ms. Fatuma Mohamed Hussein (Kenya, Non-Annex I Parties)
6. The Chair also drew their attention to the terms of reference of the PPRC.

Agenda Item 3: Organizational matters

(a) Adoption of the agenda

7. The following agenda was based on the provisional agenda for the meeting (AFB/PPRC.16/1) and the annotated provisional agenda (AFB/PPRC.16/2).
 1. Opening of the meeting.
 2. Transition of the Chair and the Vice-Chair.
 3. Organizational matters:
 - a) Adoption of the agenda;
 - b) Organization of work.
 4. Update on the funding status and the situation of the pipeline.
 5. Report by the secretariat on initial screening/technical review of the submitted project and programme proposals.
 6. Review of project and programme proposals:

- *Concepts:*
 - Proposal from NIE:*
 - a) Senegal;
 - Proposals from RIEs:*
 - b) Federated States of Micronesia;
 - c) Uganda;
 - Fully-developed proposals:*
 - Proposals from NIEs:*
 - d) India (1);
 - e) India (2);
 - f) India (3);
 - g) Jordan;
 - h) Morocco;
 - i) Peru.
7. Options for improving the tracking of changes made between different versions of project/programme proposals.
 8. Other matters.
 9. Adoption of the recommendations and report.
 10. Closure of the meeting.

8. During the discussion of the Agenda it was pointed out that most proposals raised the same question: how was climate change reasoning being addressed in the project documents. The Fund was working toward an understanding of the causal link between the projects/programmes and climate change; it also needed to capitalize on that awareness of climate change reasoning. The need for a discussion of that issue was also pressing as there would be an informal discussion on the Adaptation Fund's relationship with the Green Climate Fund on the margins of the Twenty-fifth meeting of the Adaptation Fund Board. Following the discussion, it was agreed to discuss: *Capitalization of the Adaptation Fund's climate change reasoning* under agenda item 8 "Other matters".

(b) Organization of Work

9. The Committee adopted the organization of work proposed by the Chair.
10. No member declared a conflict of interest with any item on the agenda of the meeting.

Agenda Item 4: Update on funding status and the situation of the pipeline

11. At the request of the Chair, the representative of the secretariat reported on the funding status and the situation of the pipeline. He said that as at 31 October 2014, the cumulative receipts of the Fund had amounted to US\$ 407.88 million and that following the tenth meeting of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP

10), and a generous donation by the Government of Germany, as at 31 December 2014, it had amounted to US\$ 471.63 million. That had provided sufficient funding to clear the four remaining projects in the pipeline. The proposal for Indonesia was in the process of being cleared and the proposals for Ghana, Mali and Nepal had already been cleared intersessionally.

12. Since December 31 2014 the Fund had also received an additional US\$ 1.22 million from the Government of Flanders and five million Euros from the Government of France. Following the clearance of the pipeline there would be some US\$ 145 million available for new funding decisions, of which US\$ 1.62 million would be available to Multilateral Implementing Entities (MIEs) under the MIE cap.

13. In response to a query as to whether the Board would have to approve an additional amount beyond the remaining US\$ 1.62 million to clear the proposal of Indonesia, the representative of the secretariat explained that the amount of US\$ 1.62 million would be the amount remaining once the proposal for Indonesia had also been cleared from the pipeline.

14. At the request of the PPRC the secretariat circulated a paper copy of its report to the members.

15. The Project and Programme Review Committee took note of the presentation by the secretariat.

Agenda Item 5: Report of the secretariat on initial screening/technical review of the submitted projects and programme proposals

16. The representative of the secretariat introduced the report on the initial screening/technical review of the projects and programme proposals, contained in documents AFB/PPRC.16/3 and AFB/PPRC.16/3/Add.1; and presented an overview of the work undertaken by the secretariat in screening and reviewing the projects and programmes that had been submitted. In performing the review, the dedicated team of officials of the secretariat had been assisted by members of the technical staff of the Global Environment Facility (GEF). Accredited implementing entities had submitted nine proposals, with a total requested funding amounting to US\$ 48,128,211 for three project concepts (US\$ 17,842,423) and six fully-developed proposals (US\$ 30,285,788). Two of the project concepts had been proposed by Regional Implementing Entities (RIEs) while the remaining seven proposals had come from National Implementing Entities (NIEs).

17. Some of the budget requests were altered after the initial review and the final total requested funding of the nine proposals amounted to US\$ 48,097,199: US\$ 17,812,880 for the three concepts, and US \$30,284,319 for the six fully-developed proposals. That included US\$ 3,615,112 or 8.1 per cent¹ in Implementing Entities management fees and US\$ 3,779,052 or 8.5 per cent² in execution costs. Eight of the nine proposal submissions were for regular projects and programmes as they requested funding exceeding US\$ 1,000,000. The secretariat had also received one small-size project proposal; that is a proposal that had requested funding of up to US\$ 1,000,000.

¹ The implementing entity management fee percentage is calculated compared to the project budget including the project activities and the execution costs, before the management fee.

² The execution costs percentage is calculated as a percentage of the project budget, including the project activities and the execution costs, before the implementing entity management fee.

18. All proposals requested funding below the cap of US\$ 10 million for each country, decided on a temporary basis, as per Decision B.13/23. All of the fully-developed project/programme documents also provided an explanation and a breakdown of their execution costs and other administrative costs and are in compliance with Decision B.12/7.

19. The average funding requested for the five regular fully-developed proposals amounted to US\$ 5,862,950 while the funding for the small-size project proposal was for US\$ 969,570, including the management fees charged by the NIE. All but one of the proposals, one of the proposals for India, were in compliance with Board decision B.11/16 to cap management fees at 8.5 per cent, and in accordance with that decision all proponents of fully-developed project documents had provided a budget on fee use. With the exception of that proposal for India, all the proposals were also in compliance with Decision B.13/17 to cap execution costs at 9.5 per cent. The execution costs in the fully-developed project documents submitted to the present meeting totalled US\$ 3,776,372, with an average of US\$ 479,098 for the regular projects, and US\$ 76,595 for the small-size project.

20. The project formulation grant (PFG) for the NIE for Senegal amounted to US\$ 30,000 and was in accordance with Decision B.12/28. The current cumulative funding allocations for projects/programmes, and PFGs, submitted by NIEs is US\$ 77,880,001, representing 17.7 per cent of the cumulative project/funding decisions, and the funds available to support funding decisions as at 28 February 2015. If the Board were to approve the fully-developed NIE proposals, and the PFG, submitted to the present meeting of the Board, the cumulative funding allocations for NIEs would increase to US\$ 108,194,320, which would represent 24.5 per cent of total project/programme funds.

21. The secretariat had shared the initial technical review findings with the Implementing Entities that had submitted proposals and solicited their responses to the specific items requiring clarification. Responses had been requested by email and the time allocated to respond was one week; however, in some cases the process took longer and the Implementing Entities had been offered the opportunity to discuss the initial review findings with the secretariat by telephone.

22. In response to query as to why the cap of US\$ 10 million per country was temporary, the representative of the secretariat explained that at its thirteenth meeting the Board had considered a number of options for the prioritization of projects from different countries and regions. In view of the views expressed by the members, it had been decided, as a temporary measure, to establish a US\$ 10 million cap per country and to revisit the issue at a later date. However, since that time the Board had not reconsidered the issue.

Projects in the pipeline

23. The issue of the funding status of the pipeline was introduced under agenda item 4 above.

Issues identified during the screening/technical review process.

24. There were no cross-cutting issues identified during the review process for consideration by the PPRC.

25. The Project and Programme Review Committee took note of the presentation by the secretariat.

Agenda Item 6: Review of project and programme proposals

Concept proposals

Proposals from National Implementing Entity (NIE)

Senegal: Reducing vulnerability and increasing resilience of coastal communities in the Saloum Islands (Dionewar) (Project Concept; Centre de Suivi Ecologique (CSE); SEN/NIE/Coastal/2015/1; US\$ 1,351,000)

26. The proposed project sought to target vulnerable inhabitants of Dionewar and its satellite islands, in the Saloum Delta, where local communities' incomes rely mainly on fishery, agriculture and forestry. The disappearance of the Sangomar's strip that used to protect this community has led to salinity issues and mangrove degradation, which played an important role in fishing activities and protecting the island against flooding.

27. This was the first submission of the project as part of a two-step proposal. Together with the project concept, CSE submitted a PFG request with a budget of US\$ 30,000, attached as an addendum to the document containing the programme concept (AFB/PPRC.16/5/Add.1).

28. The initial review found that the concept lacked overall coherence among the proposed components, failed to outline the project rationale vis-à-vis the anticipated climate scenario, and lacked technical details about the proposed activities. The adaptation reasoning behind the choice of the proposed activities was unclear, and the current drivers of natural resource management issues were not sufficiently explained. Finally, it was unclear how the adaptation benefits would be sustained overtime. Clarification requests (CRs) and corrective action requests (CARs) were made and the proponents subsequently submitted a revised document.

29. The final review found that despite the provision of additional information, the revised proposal failed to adequately address the CRs and CARs made in the initial technical review. Overall, the proposal lacked technical information, and was not detailed enough to evaluate the soundness of the proposed measures, their economic viability and underlying sustainability, their cost-effectiveness, their compliance with national standards, and the potential duplication with other project and programmes.

30. In the discussion that followed it was noted that CSE was already implementing a project for Senegal and had been re-accredited as a NIE. It was therefore surprising that there had been so many gaps in the document. It was pointed out that those gaps might have been due to a lack of time in the preparation of the proposal. It was also observed that if the project would be later approved at the full proposal stage, the two projects for Senegal would still be under the US\$ 10 million cap per country. It was also noted that no comments had been received from civil society on the proposal. It was also questioned whether the proposed budget would be sufficient for the scope of the project and, in view of the further work required on the proposal, why no PFG was being recommended for CSE to help it in reformulating the proposal. Concern was also expressed at the level of detail being requested of the proponents at the concept stage, although it was noted that the proponents did need to provide some additional information to address the gaps in the document.

31. The representative of the secretariat explained that if the project concept was not endorsed a PFG could not be approved for further work on the proposal. He said that the project had been classified as a coastal management project, and, in response to a question about the use of the phrase "value chain", he explained that the project sought to enhance the revenue for

the fisheries by the use of labelling. However, there was a need to look beyond production only, to establish whether the implementation of parallel activities such as the proposed labelling activity would actually add any value to the targeted sectors and enhance the most vulnerable communities' livelihoods. The issue of an exit strategy had been raised by the proponents as a separate component to address the issue of sustainability. The secretariat was of the view that sustainability was something that should be mainstreamed into the activity and not addressed as a separate component. Little information had been provided on the current drivers in the use of natural resources and that information was needed to see whether they were related to climate change or others causes.

32. The Project and Programme Review Committee decided to recommend that the Adaptation Fund Board:

- a) Not endorse the project concept, as supplemented by the clarification response provided by the Centre de Suivi Ecologique (CSE) to the request made by the technical review;
- b) Suggest that CSE reformulate the proposal taking into account the observations in the review sheet annexed to the notification of the Board's decision, as well as the following issues:
 - (i) The project should provide a clear and reasoned explanation of the extent to which the choice of proposed activities are rational from an evidence-based analysis perspective, highlight the role played by climate change in the current challenges faced by local communities, and the state of the current drivers of natural resources management issues. Providing such information would allow a clearer understanding of the project rationale, would strengthen the underlying adaptation reasoning of the project, and would outline how such project would differ from a business-as-usual development project;
 - (ii) The proposal has broadened the scope of the project, and a few planning related activities have been added to the proposed project. The project proponent should ensure that such an extension of the range of activities will (i) not lead to the emergence of new challenges, (ii) be realistic with the budget allocated to such measures, and (iii) allow a smooth enforcement of such plans once implemented. Furthermore, the proposal should address further the questions of potential land use challenges, and coherence of the project with existing value-chain development programmes and delta-wide planning initiatives, such as the Delta du Saloum Biosphere;
 - (iii) The proposal should demonstrate further the economic rationality of the proposed adaptation measures. There is currently not enough economic, financial and market-based information (such market studies, value chains analysis etc.), or evidence-based information related to similar experiences in the region, to support the economic soundness of the activities that the project plans to implement, particularly those related to the reawakening of the targeted productive sectors;

- (iv) The proposal should clarify the types of environmental and social impact assessments that will be performed in the framework of the Environmental Code and other relevant laws as some risks have been identified;
 - (v) The proposal should identify further relevant and potentially overlapping projects/programmes, and state any lack of overlap / complementarity in a logical manner;
- c) Not approve the Project Formulation Grant of US\$ 30,000; and
- d) Request CSE to transmit the observations referred to in sub-paragraph (b) to the Government of Senegal.

(Recommendation PPRC.16/1)

Proposals from Regional Implementing Entities (RIEs)

Federated States of Micronesia: "Enhancing the Resilience of Vulnerable Island Atoll Communities in FSM to Climate Change Risks through a "Living with the Sea" National Risk Management Framework" (Project Concept; Secretariat of the Pacific Regional Environment Programme (SPREP); FSM/RIE/Coastal/2014/1; US\$ 8,967,600)

33. The proposed project sought to engineer a shift in the management of flood risk and marine resources from an ad hoc problem centric approach to a holistic strategic coastal management and watershed drainage management approach. This was the second submission of the project concept. It had been first submitted as a project concept, using the two-step approval process, for the twenty-third Board meeting, at which time the Board decided not to endorse the project concept.

34. The initial technical review found that the project concept did not provide enough information to fully evaluate the proposed project, notably in terms of cost effectiveness, enforcement methods of rules and regulations developed by the project, scope of consultation of the most vulnerable communities and selection/prioritization of selected activities, including those impacted by the infrastructures the project planned to implement, and the approach to sustain the assets developed by the project. In addition, the extent to which Environmental Impact Assessments would be selected and enforced for the proposed activities, were unclear. Finally, the role that SPREP would play in the execution and/or implementation of the project needed to be further clarified. CRs and CARs were made. Despite having been explicitly asked to submit a revised project document, the proponent had only submitted a response sheet that explained the changes that it planned to make to the proposal.

35. The final technical review concluded that, despite the additional information provided, the proposal failed to adequately address the CRs, and CARs, made in the initial review. The proposal did not clarify the validity of the infrastructure investment proposed under output 3.1, as it was understood that such investment depends on a Cost Benefit Analysis currently being undertaken by the Pilot Programme for Climate Resilience (PPCR). It was difficult to assess the legitimacy of the proposed investment, and recommend project approval, as such a study may bring key insights on the relevance, soundness, resilience and feasibility of such an investment. In addition, the extent and scope of the initial consultation process that took place raised concerns about the selection and prioritization of the proposed activities. The final review also found that the proposal failed to provide basic information about the required assessments on the following

issues: principles on access and equity, marginalized and vulnerable groups, gender equity and women's empowerment, indigenous peoples (if any), involuntary resettlement, protection of natural habitats, physical and cultural heritage and land and soil conservation. Finally, if SPREP intends to provide a range of services to the project, it would be considered an executing entity. In such a case, Decision B.17/17 to "cap execution costs for projects/ programmes implemented and executed by the same entity at 1.5 per cent of the project/programme cost" would apply.

36. Questions were asked about the role of the PPCR and what, if any, overlap existed between proposal being discussed and other activities in the region. It was important to understand the synergies to ascertain whether there was any overlap between the projects of the Adaptation Fund and those of other Funds. In the case of the PPCR, that would depend on the results of the cost benefit analysis it was undertaking and it was suggested that the secretariat should liaise with the PPCR in the same way that it interacted with the Green Climate Fund. However, it was pointed out that the structure of the PPCR was different and that its individual activities were supported by various development banks; in this case it would be necessary to approach the Asian Development Bank. It was suggested that the information would be more easily acquired by the RIE in question, SPREP.

37. Concern was also expressed at the level of detail being requested at the concept stage, but the representative of the secretariat said that some of the information being requested was needed at the concept stage as well, such as information on the consultation process and compliance with the Environmental and Social Policy of the Adaptation Fund. It was also pointed out that the secretariat would respond to the information provided by the proponent even if that information was not required at the concept stage.

38. The representative of the secretariat also said that the role of the PPCR was still unclear vis-à-vis the proposed project. Indeed, the cost benefit analysis that the PPCR was preparing would help to determine whether the investment was sound and allow for a comparison with other alternative measures. In response to a question about whether the NIE also intended to act as an Executing Entity, the representative of the secretariat said that SPREP indicated that it had taken note of the concern and would address the issue later; but it was also pointed out that, in that case the Government would need to provide a letter indicating the intention to use the NIE as an Executing Entity,

39. The Project and Programme Review Committee decided to recommend that the Adaptation Fund Board:

- (a) Not endorse the project concept, as supplemented by the clarification response provided by the Secretariat of the Pacific Regional Environment Programme (SPREP) to the request made by the technical review;
- (b) Suggest that SPREP reformulate the proposal taking into account the observations in the review sheet annexed to the notification of the Board's decision, as well as the following issues:
 - (i) Despite having explicitly requested the project proponent to submit a revised project document, only a response sheet was provided as an additional document for the final technical review. Any revised proposal would need to incorporate, in the proposal itself, the changes suggested in the response sheet;

- (ii) The proposal should clarify the validity of the proposed investment under output 3.1. In fact, according to the additional information provided, such investment rests upon the results and findings of the Pilot Programme for Climate Resilience's (PPCR) Cost Benefit Analysis currently being undertaken. This situation makes it difficult for the Adaptation Fund to assess the legitimacy of the proposed project and to make a funding decision, as such study may bring key insights on the relevance, soundness, resilience and feasibility of such investment;
 - (iii) The proposal should encompass a consultative process specific to the proposed project. Such a consultation process should involve all direct and indirect stakeholders of the project/programme, including vulnerable groups and taking into account gender considerations. Particular attention should be given to minority groups, marginalized and vulnerable groups, and indigenous people in the project/programme target areas, where relevant. The results of the consultative process must be reflected in the project design. This is of the utmost importance as the support from communities is outlined as a cornerstone in sustaining and maintaining the proposed investments;
 - (iv) The proposal should demonstrate, in a rational way, the proposed project's compliance with the environmental and social principles as outlined in the Fund's Environmental and Social Policy (ESP), including how relevant standards will be applied through the project implementation, when applicable. Further assessment is notably required for principles on access and equity, marginalized and vulnerable groups, gender equity and women's empowerment, indigenous peoples (if any), involuntary resettlement, protection of natural habitats, physical and cultural heritage and land and soil conservation. As a number of Environmental Impact Assessments (EIAs); and/or Environmental and Social Impact Assessments (ESIAs) are to be prepared during the project implementation, an Environmental and Social Management Plan (ESMP) will be requested at the full proposal stage;
 - (v) The proposal should clarify the implementation arrangements. If SPREP intends to provide a range of services to the project, it would be considered an executing entity. In such a case, Board Decision B.17/17 to "cap execution costs for projects/programmes implemented and executed by the same entity at 1.5 per cent of the project/programme cost" would apply. As a result, the execution costs that could be claimed by SPREP would be capped at 1.5 per cent of the total budget requested, before the implementing entity fees. In such a case, as per Board Decision B.17/17, SPREP should provide a letter from the government requesting direct services support and providing appropriate justification for such a request; and
- (c) Request SPREP to transmit the observations referred to in sub-paragraph (b) to the Government of the Federated States of Micronesia.

(Recommendation PPRC.16/2)

Uganda: Enhancing Resilience of Communities to Climate Change through Catchment Based Integrated Management of Water and Related Resources in Uganda (Project Concept; Sahara and Sahel Observatory (OSS); UGA/RIE/Water/2015/1; US\$ 7,494,280)

40. The proposed project sought to strengthen Ugandan communities' resilience to the impact of climate change through promoting catchment based integrated, equitable and sustainable management of land and water resources and the establishment of local flood early warning systems, in order to improve resilience to climate change, and increase adaptation capacity while enhancing food security. This was the first submission of the project, using the two-step approval process.

41. The initial review of the project concept found that there were numerous areas where clarification was required, related to adaptation reasoning, economic, social and environmental benefits, consistency with national policies and strategies, potential duplication with other projects, consultative process, sustainability, and environmental and social risk management. The secretariat received, on 16 February 2015, comments on the initial submission of the proposal, from a Forestry Consultant. The secretariat considered the comments in the technical review as reference and, as required by the Board decision B.18/24 (b), made them publicly available on the Adaptation Fund website, after confirming with the consultant that he did not object to doing so. The secretariat also submitted the comments to the proponent for its consideration. The technical review noted that the comments were largely technical in nature, and were related to the logic and approach of the project but did not offer much new insight on risks that might result from the project. Some of the comments were in line with the findings of the initial review. As required by the Board Decision B.18/24, these comments from the civil society are annexed to the document AFB/PPRC.16/7/Rev.1.

42. The proponent submitted a revised proposal, and the final technical review found that the corrective action and clarification requests were addressed sufficiently for the concept stage. The final review identified, however, areas the proponent should pay particular attention to while developing the full proposal. These include the need for more specific information on the expected climate changes proposed to be addressed by the project and how the proposed interventions would be targeting the specific vulnerabilities of the individual target areas. It would also be necessary to further analyse the identified factors that have prohibited sustainable land/water management in the past, and the drivers of unsustainable practices, and ensure that the proposed interventions correspond to those impediments and drivers. The full proposal should elaborate the relationship between the existing draft catchment management plans and the proposed planning interventions at the community level. Finally, given the described risks, and as adequate risk screening or impacts assessment was not possible for the incompletely identified sub-projects and activities, the project should be seen as belonging to Category B, and an overall project ESMP developed.

43. The Chair reminded the PPRC that three categories had been established for projects and programmes to classify them according to the environmental and social impact that they might have. Those categories were A, B and C. Category A meant a major impact, Category B a lesser impact and Category C no impact.

44. It was observed that as more information was being requested on baselines that term should be added to the recommendation. It was also asked why the comments of the consultant had not been incorporated into the recommendation. The representative of the secretariat explained that although the comments of civil society sometimes offered new local insights that were not visible from the proposal, in the present case the comments had tended to be of a

technical nature. The secretariat had used them as a reference, but as they were subjective in nature they had not necessarily been included in the recommendations.

45. The Project and Programme Review Committee decided to recommend that the Adaptation Fund Board:

- (a) Endorse the project concept, as supplemented by the clarification response provided by Sahara and Sahel Observatory (OSS) to the request made by the technical review;
- (b) Request the secretariat to transmit to OSS the observations in the review sheet annexed to the notification of the Board's decision, as well as the following issues:
 - (i) At the fully-developed proposal stage, more specific information should be provided on the expected climate changes proposed to be addressed by the project, and on how the proposed interventions would be targeting the specific vulnerabilities of the individual target areas;
 - (ii) The fully developed proposal should analyse further the identified factors that have prohibited sustainable land/water management in the past, and that have functioned as drivers of unsustainable practices, and therefore constitute part of the baseline situation of the project, and ensure that the proposed interventions correspond to those baseline impediments and drivers;
 - (iii) The fully developed proposal should elaborate the relationship between the existing draft catchment management plans and the proposed planning interventions at the community level;
 - (iv) Given the described risks, and as adequate risk screening or impacts assessment is not possible for the incompletely identified sub-projects and activities, the project should be seen as belonging to Category B, and the fully developed proposal should present an overall project Environmental and Social Management Plan (ESMP);
- (c) Request OSS to transmit the observations referred to in sub-paragraph (b) to the Government of Uganda; and
- (d) Encourage the Government of Uganda to submit through OSS a fully-developed project proposal that would address the observations referred to in sub-paragraph (b).

(Recommendation PPRC.16/3)

Fully-developed proposals

Proposals from National Implementing Entities (NIEs)
Small-size proposal:

India: Climate Smart Actions and Strategies in North Western Himalayan Region for Sustainable Livelihoods of Agriculture-Dependent Hill Communities (Fully-developed project document: National Bank for Agriculture and Rural Development (NABARD); IND/NIE/Agri/2014/2; US\$ 969,570)

46. The proposed project sought to improve the adaptive capacity of rural small and marginal farmers including hill women in North Western Himalayan region by introducing a combination of Climate Smart Farming Technologies along with required social engineering and capacity building processes. This was the third submission of the fully-developed project document. It had first been submitted to the twenty-third meeting of the Adaptation Fund Board, at which time the Board decided not to approve it. It was then submitted to the twenty-fourth meeting of the Board, where the Board again decided to not to approve the project document.

47. The initial technical review of this submission found that several areas remained where clarification was required, including areas that had been specifically raised previously by the Board, such as land ownership, consultation with vulnerable groups and inclusion of women, project sustainability, and environmental and social risks.

48. The proponent submitted a revised proposal, and the final technical review found that while the proposal had made some progress, areas remained where further elaboration would be necessary. These were related to: the identification of particularly vulnerable communities and inclusion of their views in the project design, ensuring financial sustainability of the project outcomes and mainstreaming activities into government programmes for replication, and environmental and social risks and their management, including through grievance mechanisms.

49. It was pointed out that NABARD had not responded to a number of previous comments and had not provided essential information that was required for the assessment of vulnerable groups. The Adaptation Fund had good standards for its environmental and social policy and should insist on those standards. It was also asked whether there were any benchmarks for small-sized projects on the size of the investment per household; that investment in this project seemed to be US\$ 1,200 per household, and it was asked how that could be scaled-up. It was also asked whether any comments had been received from civil society on the project, how it was being classified and whether there was any limit to the number of times a project could be resubmitted.

50. The representative of the secretariat explained that its concerns over the financial sustainability of the project could also apply to the scale-up of the project. When it had queried the issue, it had been told that the non-governmental organisations involved could apply for further grants, a process which had not appeared to be sustainable or something that could be scaled-up. He also explained that there were no benchmarks for small-sized projects on the allowable amount of investment per household. The issue was the best investment for the best impact, which could be different when one looked at larger scale activities. He also explained that there was no limit on the number of times a project could be resubmitted, that no comments had been received from civil society and that the project had been classified as agricultural.

51. The Project and Programme Review Committee decided to recommend that the Adaptation Fund Board:

- (a) Not approve the project document, as supplemented by the clarification response provided by the National Bank for Agriculture and Rural Development (NABARD) to the request made by the technical review;
- (b) Suggest that NABARD reformulate the proposal taking into account the observations in the review sheet annexed to the notification of the Board's decision, as well as the following issues:

- (i) As requested previously, the proposal should identify particularly vulnerable groups (among the target population that as a whole is vulnerable) and explain how the views of such groups have been taken into account in project design;
 - (ii) As requested previously, the proposal should provide further detail on how the financial sustainability of project outcomes will be ensured beyond the project duration, and particularly how the activities would be mainstreamed into government programmes for replication in a financially sustainable manner;
 - (iii) Given the present environmental and social risks, the proposed project should be re-categorized as Category B, and the proposal should elaborate on the environmental and social risks, especially related to access and equity, marginalised and vulnerable groups, gender and women's empowerment, and Involuntary resettlement;
 - (iv) The proposal should state compliance with the Adaptation Fund Environmental and Social Policy and present a project-level Environmental and Social Management Plan, which would be applied to all the project activities, and would explain the supervisory role of NABARD in implementing the plan. The proposal should also present a comprehensive grievance mechanism; and
- (c) Request NABARD to transmit the observations referred to in sub-paragraph (b) to the Government of India.

(Recommendation PPRC.16/4)

Regular-size proposals:

India: Building Adaptive Capacities of Small Inland Fishers for Climate Resilience and Livelihood Security, Madhya Pradesh, India (Project; National Bank for Agriculture and Rural Development (NABARD); IND/NIE/Food/2013/1; US\$ 1,790,500)

52. The project sought to enhance the adaptive capacity of fish farmers to ensure their livelihood security in the agro-climatic zone of Jhabua hills comprising the districts of Jhabua, Alirajpur and Dhar. This was the third submission of the project. It had been first submitted as a project concept, using the two-step approval process, for the twenty-third Board meeting, along with a request for Project Formulation Grant (PFG) and the Board decided to endorse the project concept. A fully-developed project document was then submitted to the Board at its twenty-fourth meeting where the Board decided to not approve the project document.

53. The initial technical review of the fully-developed project document found that the project had substantially improved from its initial version, including the technical aspects, thus reducing the uncertainty regarding some environmental and social risks. However, there remained a few issues, mostly related to the environmental and social risks associated with the project, which needed to be addressed. These included a number of risks that had been identified by the secretariat and not taken into account in the document. Also, the proposal did not elaborate on the proposed alternative to water hyacinth as a measure to control water temperature. Several

CRs and CARs had been made, the proponent subsequently submitted a revised document, and the final review found that the comments had been adequately addressed.

54. The Project and Programme Review Committee decided to recommend that the Adaptation Fund Board:

- a) Approve the project document as supplemented by the clarification response provided by the National Bank for Agriculture and Rural Development (NABARD) to the request made by the technical review;
- b) Approve the funding of US\$ 1,790,500 for the implementation of the project, as requested by NABARD; and
- c) Request the secretariat to draft an agreement with NABARD as the National Implementing Entity for the project.

(Recommendation PPRC.16/5)

India: “Climate proofing of watershed development projects in the states of Tamil Nadu and Rajasthan” (Fully-developed Project Document; National Bank for Agriculture and Rural Development (NABARD); IND/NIE/Food/2013/1; US\$ 1,378,010)

55. The proposed project focuses on climate-proofing rain-fed agricultural areas in 20 watersheds in Tamil Nadu and Rajasthan. The overall objective was to build adaptive capacities of the communities to shifting rainfall patterns and extreme weather events exacerbated by climate change. This was the third submission of the project. It had been first submitted as a project concept, using the two-step approval process, for the twenty-first meeting of the Board and had been subsequently withdrawn by NABARD during the review process. It was then submitted as a project concept, using the two-step approval process, for the twenty-third Board meeting, along with a request for a Project Formulation Grant (PFG), and the Board decided to endorse the project concept.

56. The initial technical review found that the fully developed proposal had major inconsistencies in terms of the activities proposed, as some were mentioned in the project description but not included in the results framework, or vice-versa. In addition, no Environmental and Social Management Plan (ESMP) for the project, including the mechanism to screen activities for environmental and social risks, and to formulate mitigation and management actions in line with the ESP, were provided. The cost-effectiveness analysis did not include a comparison between potential alternative adaptation options and the ones proposed by the project, and information was missing as for the consultative process. Finally, it remained unclear how the project would be profitable to farmers from an economic perspective. CRs and CARs were made and the proponents had subsequently submitted a revised document.

57. The final review found that despite the provision of additional information, the revised proposal failed to adequately address the corrective action requests and clarification requests made in the initial technical review. There is still some incoherence about the proposed activities vis-à-vis the logical framework that has been provided, and the role that the project will play in some of the suggested activities remains unclear. Moreover, the consultative process fails to outline that the most vulnerable communities, gender, tribal and castes’ considerations have been taken into account during the process, and that the needs and views of such stakeholders are

reflected in the selection of proposed activities. Furthermore, no Environmental Social Management Plan has been provided, and the project did not clarify exactly how it will link with the wider NABARD-funded programme. Finally, the proposal failed to demonstrate that the economic profitability of the proposed activities will be sufficient to enforce technology adoption amongst rural communities and will change their production behaviours; as the results framework is based on the assumption that farmers will be “willing to adopt climate resilient technologies” and states that there is a risk of “lack of capacity and resources for adoption”.

58. It was observed that execution costs and the project management costs were in excess of those allowed by the Board. It was also pointed out that the proposed agricultural and forestry systems needed to be implemented in close collaboration with research institutions, and that the requirement that the cost-effectiveness be evaluated in terms of: the baseline, the proposed solution as well as other options, might be too onerous for the proponent. Questions were also asked about whether the project was a stand-alone project and whether the search for co-financing was not impeded by the Fund’s requirement for full-cost funding. There also did not seem to be sufficient funds allocated for Component 3 of the project.

59. The representative of the secretariat said the secretariat had also been concerned by some of those issues. The project should be amended to address the inconsistencies about project costs and ensure that the proposal was in compliance with the decisions of the Fund regarding execution costs and management fees. He also explained that one of the problems with the project was that the project descriptions did not match the budgets and/or the results framework, which could be seen in Component 3. It was hoped that with reformulation there would be a coherent project description and budget. The importance of whether the project was to be considered stand-alone related to the Environmental and Social Policy of the Fund. If it was stand-alone, then the policy only applied to the project, but if wasn’t then the policy applied to all the related elements. The Board also required that for cost-effectiveness to be determined it was necessary to look at the alternatives as well as the proposed solution.

60. The Project and Programme Review Committee decided to recommend that the Adaptation Fund Board:

(a) Not approve the fully-developed programme document, as supplemented by the clarification response provided by the National Bank for Agriculture and Rural Development to the request made by the technical review;

(b) Suggest that NABARD reformulate the proposal taking into account the observations in the review sheet annexed to the notification of the Board’s decision, as well as the following issues:

- (i) The proposal should provide clearer and more coherent information regarding the outcomes, outputs, and activities, as it remains unclear what role the project will play in some proposed activities, such as the “maintenance fund” for instance, insurance-related products, the alternative activities, and others. In addition, the proposal should further harmonize the project and activities description, the results framework, and the proposed budget. Finally, the proposal should amend inconsistencies about the project costs, and should consequently ensure that the proposal complies with the policy of the Adaptation Fund on the budget for execution costs and project cycle management fees;

- (ii) The proposal should provide additional consistent information regarding the consultative process, and outline that most vulnerable communities, gender, tribal and castes' considerations have been taken into account during the process, and that the needs and views of such stakeholders are reflected in the selection of proposed activities. Evidence that the desires of such populations are reflected in the project design should be highlighted;
 - (iii) The proposal should provide a project-level Environmental and Social Management Plan (ESMP), which includes the mechanism for risk identification and any subsequent management activities that may be required. The ESMP should be commensurate with the risks identified in compliance with the Environmental and Social Policy (ESP). Finally, the proposal should confirm that the activities managed with Adaptation Fund funds will be a stand-alone project and that activities will be managed independently from the NABARD-funded project, otherwise, if it is not so, the AF ESP would have to apply to the programme in its entirety (i.e. including NABARD-funded activities);
 - (iv) The proposal should demonstrate further that the economic profitability of the proposed activities will be sufficient to enforce technology adoption amongst rural communities and will change their production behaviours, as the results framework is based on the assumption that farmers will be "willing to adopt climate resilient technologies" and states that there is a risk of "lack of capacity and resources for adoption"; and
- (c) Request NABARD to transmit the observations referred to in sub-paragraph (b) to the Government of India.

(Recommendation PPRC.16/6)

Jordan: Increasing the resilience of poor and vulnerable communities to climate change impacts in Jordan through Implementing Innovative projects in water and agriculture in support of adaptation to climate change (Fully-developed Programme Document; Ministry of Planning and International Cooperation (MOPIC); JOR/NIE/Multi/2012/1; US\$ 9,226,000)

61. The overall objective of the proposed programme was to adapt the agricultural sector in Jordan to climate change induced water shortages and stresses on food security through piloting innovative technology transfer, policy support linked to community livelihoods and resilience. This was the fourth submission of the programme. It had been first submitted as a programme concept, using the two-step approval process, for the nineteenth Board meeting and had not been endorsed. It was then resubmitted at the twenty-second meeting as a concept, along with a request for a Project Formulation Grant (PFG), and the Board decided to endorse the project document. A fully-developed programme document was submitted to the Board at its twenty-fourth meeting and the Board decided to not approve the fully-developed the project document.

62. The initial technical review found that the programme document had much improved from its version submitted at the previous meeting and was more concise, as requested during the previous review. A results framework, budget and implementation arrangement for the whole programme had been provided. A comprehensive ESMP was also provided. However, the review had identified a few issues, mainly related to compliance with the ESP, which had to be

addressed before the proposal could be recommended for approval. Therefore several CRs were made.

63. The final review found that all the clarification requests have been addressed. However, it is expected that during the implementation of programme activities, the wastewater reuse activities will be screened for potential environmental and social risks in compliance with the Environmental and Social Policy of the Fund, and that, in the case of the identification of any unforeseen risks, the relevant mitigation measures will be taken and included in the Environmental and Social Management Plan, which will be updated accordingly, and adequately reported annually through the programme performance reports.

64. It was asked whether it was possible to have a technical condition incorporated into the agreement, whether that condition could be enforced and what guarantee could be given that it would be performed.

65. The representative of the secretariat explained that such conditions had been used before and gave the example of the agreement with NEMA for its programme in Kenya. He said that in the present case even if all the standards had been put in place, the risks associated with wastewater reuse were too sensitive and those needed to be carefully monitored throughout the programme duration. However, several members were uncomfortable with the use of the phrase “significant risks” and it was suggested to use the phrase “unforeseen risks” instead”. It was also asked whether the designated authority had approved the programme, and the representative of the secretariat explained that the designated authority had sent an endorsement letter.

66. The Project and Programme Review Committee decided to recommend that the Adaptation Fund Board:

- (a) Approve the fully-developed programme document, as supplemented by the clarification response provided by the Ministry of Planning and International Cooperation (MOPIC) to the request made by the technical review;
- (b) Approve the funding of US\$ 9,226,000 for the implementation of the programme, as requested by MOPIC; and
- (c) Request the secretariat to draft an agreement with MOPIC as the National Implementing Entity for the programme. The agreement should include:
 - (i) A commitment from MOPIC that during the implementation of programme activities, the potential environmental and social risks associated with the wastewater reuse activities will be monitored in compliance with the Environmental and Social Policy of the Fund; and
 - (ii) A commitment that, in the case of the identification of any unforeseen risks, the relevant mitigation measures will be included in an updated Environmental and Social Management Plan which will be implemented and adequately reported to the Board through the annual programme performance reports.

(Recommendation PPRC.16/7)

Morocco: Climate change adaptation project in oasis zones – PACC-ZO (Fully-developed Project Document; Agence pour le Développement Agricole (ADA); MAR/NIE/Agri/2013/1; US\$ 9,970,000)

67. The overall objective of the proposed project is to help reduce the vulnerability of people and oasis agro ecosystems to climate change in Morocco by increasing the adaptive capacity of local actors, increasing the resilience of the target ecosystem and by disseminating knowledge management. This was the fourth submission of the project document. It was first submitted as a concept during the twenty-second Board meeting and was not endorsed by the Board. It had been subsequently submitted as a concept during the twenty-third meeting, along with a request for a Project Formulation Grant (PFG) and the Board decided to endorse the project concept. A fully-developed project document was submitted to the Board at its twenty-fourth meeting and the Board decided not to approve the fully-developed project document.

68. The initial technical review found that, in response to the observations made by the Board at the previous meeting, the project documents that were submitted included an ESMP and a number of environmental impact assessment reports related to the activities identified in the proposal and for which such EIAs were mandatory. The EIA documents contained useful elements for risk identification and impact assessment of the activities that will be implemented. However, the review had identified a few issues, still related to compliance with the ESP, which needed to be addressed before the proposal could be recommended for approval. A few clarification requests (CRs) were made and the proponents had subsequently submitted a revised document.

69. The final review found that all the clarification requests had been addressed. However, particular attention should be given to the implementation of project activities within the site of Tafilalet which is classified under the Convention on Wetlands of International Importance especially as Waterfowl Habitat (Ramsar). It is expected that the project Environmental and Social Management Plan will be updated as appropriate and the relevant risks mitigation measures will be taken in the case of identification of any significant risks in the area during the site identification, and prior to any construction within the Ramsar site, and reported accordingly through the annual Project performance reports.

70. It was asked why the United Nations Convention to Combat Desertification (UNCCD) was not also being referred to in the decision if the Ramsar convention was being referred to; it would be good to stress the linkages between the Fund and all those conventions. The representative of the secretariat explained that the only reason the Ramsar convention was being referred to was because of the possibility that an activity funded by the Fund would take place on its site. In the present recommendation the NIE had said that the activities would not have an impact on the Ramsar site. That had not yet been established and so prior to any activity taking place it would be important to identify any significant risks and not just those that had not been foreseen.

71. The Project and Programme Review Committee decided to recommend that the Adaptation Fund Board:

- (a) Approve the fully-developed project document, as supplemented by the clarification response provided by *Agence pour le Développement Agricole* (ADA) to the request made by the technical review;
- (b) Approve the funding of US\$ 9,970,000 for the implementation of the project, as requested by ADA; and

- (c) Request the secretariat to draft an agreement with ADA as the National Implementing Entity for the project. The agreement should include:
- (i) A commitment from ADA that prior to any construction or activity within the site of Tafiilet which is classified under the Convention on Wetlands of International Importance especially as Waterfowl Habitat (Ramsar), the potential environmental and social risks will be assessed in compliance with the Environmental and Social Policy of the Fund, and
 - (ii) A commitment that, in the case of identification of any significant risks within the site, the relevant mitigation measures will be included in an updated Environmental and Social Management Plan which will be implemented and adequately reported to the Board through the annual project performance reports.

(Recommendation PPRC.16/8)

Peru – Adaptation to the Impacts of Climate Change on Peru's Coastal Marine Ecosystem and Fisheries (Fully-developed Project Document; Peruvian Trust Fund for National Parks and Protected Areas (PROFONANPE); PER/NIE/Coastal/2015/1; US\$ 6,950,239)

72. The project is to support the Government of Peru in reducing the vulnerability of coastal communities to impacts of climate change on the coastal marine ecosystems and fishery resources. This was the third submission of the project, but only the first by PROFONANPE. It had been submitted as a concept by the Inter-American Development Bank (IDB) to the seventeenth meeting of the Adaptation Fund Board but was withdrawn. It was then resubmitted by IDB as a concept to the eighteenth meeting, and the Board decided to endorse the project concept.

73. Possibly due to the lack of funds readily available for MIEs after the 50 per cent MIE cap was reached at the nineteenth meeting. IDB did not submit the proposal as a fully-developed project document but instead agreed with the Government of Peru to transfer ownership of the project to the Peruvian National Implementing Entity, PROFONANPE. A letter to this effect was sent by IDB to the Adaptation Fund Board secretariat on 19 June 2014.

74. The initial technical review of this submission found that there were numerous areas where clarification was required, related to adaptation reasoning, cost-effectiveness, potential duplication with other projects, consultative process, sustainability, and environmental and social risk management.

75. The proponent submitted a revised proposal, but the final technical review found that there were still areas where clarification was required, such as the explanation of how effective the existing measures to control overfishing and unsustainable fishing methods are, what gaps or inadequacies in those measures existed and how the project could address those issues. Based on the proposal it seemed that the latest stakeholder consultations were conducted in 2012, and it was recommended that the proponent carries out additional consultations directly with the target communities. Such consultations should be informed by the recent developments; there should be an appropriate analysis of vulnerable groups within the communities, including women, and the design of project activities should take the needs and priorities of those groups, as expressed in

the consultations, into account. Also specific indicators for women and vulnerable groups should be added as possible. The proposal did not comprehensively explain the maintenance of the project outputs, including institutional arrangements and responsibilities, financial resources, and for outputs at the community level, commitment by those stakeholders/communities. The proposal also did not provide an assessment of environmental and social risks, or plans for a grievance mechanism. Those should be elaborated, and the proposal should show that the required environmental impact assessments that will be carried out will also meet the requirements of the Adaptation Fund Environmental and Social Policy, and schedule an update of the Environmental and Social Management Plan accordingly.

76. It was observed that the proposal had been somewhat confusing and it was not clear whether the activities could contribute to overfishing. It was also pointed out that this was the first time that an MIE had turned a project over to an NIE and that should be applauded. However, it was of some concern that the consultation process was still outstanding and it was asked what assets were being given to the stakeholders. The secretariat was also asked how the projected start dates had been affected by the continual delays in the approval of the project.

77. The representative of the secretariat said when the proposal had been submitted in 2012 the projected start date had been for the following year. Proponents were often overly ambitious and projected starting dates with months of the approval of projects. In the present case the projected start date was in 2016. The technical review had also been concerned by the focus on sustainable livelihoods with questions on whether there was adequate consideration on the sustainability of the fish stocks. The review had been informed that that issue would be addressed by other activities and government regulation, but it was currently unclear how effective those would be. If they would not be sufficient to address the issue of unsustainable fishing, then the issue would have to be addressed by the proponents to ensure the project's sustainability. The last consultations had taken place in 2012 and, as the situation might have changed since then, additional consultations had been recommended. He also explained that the proponents proposed to provide the stakeholders with sustainable fishing gear.

78. The Project and Programme Review Committee decided to recommend that the Adaptation Fund Board:

(a) Not approve the project document, as supplemented by the clarification response provided by the Peruvian Trust Fund for National Parks and Protected Areas (PROFONANPE) to the request made by the technical review;

(b) Suggest that PROFONANPE reformulate the proposal taking into account the observations in the review sheet annexed to the notification of the Board's decision, as well as the following issues:

- (i) The proposal should elaborate how effective the listed existing measures to control overfishing and unsustainable fishing methods are, what gaps or inadequacies in those measures exist and how the project could address those issues;
- (ii) It is recommended that the proponent carries out additional consultations directly with the target communities. Those consultations should be informed by the recent developments since the previous consultations carried out in 2012; there should be an appropriate analysis of vulnerable groups within the communities, including women, and the design of project

activities should take the needs and priorities of those groups, as expressed in the consultations, into account. Also specific indicators for women and vulnerable groups should be added as possible;

- (iii) The proposal should comprehensively explain the maintenance of the project outputs, including institutional arrangements and responsibilities, financial resources, and for outputs at the community level, commitment by those stakeholders/communities;
- (iv) The assessment of environmental and social risks, as well as plans for a grievance mechanism should be elaborated, and the proposal should show that the required environmental impact assessments that will be carried out will also meet the requirements of the Adaptation Fund Environmental and Social Policy, and schedule an update of the Environmental and Social Management Plan accordingly; and

(c) Request PROFONANPE to transmit the observations referred to in sub-paragraph (b) to the Government of Peru.

(Recommendation PPRC.16/9)

Compliance with the Environmental and Social Policy of the Fund

79. During the discussion of the projects and programmes a PPRC member noted that all proposals had observations related to compliance with the Environmental and Social Policy of the Fund. The policy was posted on the website of the Fund but it was asked if that was sufficient, and it was suggested that the secretariat could do more to make potential proponents aware of the policy; either the NIEs and the MIEs did not have the capacity to comply with the policy or they were not being sufficiently informed of the requirements.

80. The representative of the secretariat explained that the secretariat was aware of the challenges being experienced with this new requirement of the project cycle and it had tried to raise awareness of the policy at the readiness workshops and other meetings. It had also developed a guidance document on how to address the policy, which had been circulated, as a draft, to the NIEs, RIEs and MIEs. It had not yet been finalized but that was expected to be by the end of the present month. Also practical tools for addressing the requirements of the policy would be compiled as part of the readiness programme itself, but that was also a work in progress.

81. The secretariat was asked whether the guidance document needed to be approved by the Board and whether the draft could be shared with the members. It was also asked whether technical documents were simply posted on the website or whether they were also shared with the Implementing Entities and the designated authorities. Concern was expressed that the new draft guidance might hold back those countries that had already taken steps to comply with the Environmental and Social Policy of the Fund.

82. The representative of the secretariat said that it was the secretariat's understanding that the guidance document was not a prescriptive policy document, but simply a technical document based on the policy of the Board. As such it did not need Board approval but it would be shared with the Board members when finalized. While this guidance document had been shared with the Implementing Entities it had not been shared with the designated authorities. The guidance document was not meant to be a cookie-cutter or a straight-jacket and instead allowed for

flexibility in their implementation. Only some elements, such as compliance with law, human rights and labor rights, had to be addressed in all proposals. Other elements only applied to some and not all submissions.

83. The Chair concluded that the final guidance document should be circulated to the designated authorities as well as the implementing entities, and to the Board members, and posted on the Fund website.

Agenda Item 7: Options for improving the tracking of changes made between different versions of project/programme proposals

84. At its twenty-fourth meeting the Board had considered the comments and recommendations of the PPRC on the need to track the responses by proponents to questions raised by both the secretariat and the PPRC; and had requested the secretariat to present the PPRC, at its sixteenth meeting, with options for improving the tracking changes between different versions of project/programme proposals (paragraph (a) of decision B.24/20).

85. The secretariat introduced document AFB/PPRC 16.4 which had been prepared pursuant to decision B.24/20 and explained the review cycle process and its timelines. He then presented six options for the consideration of the PPRC. The first two options tracked the changes within the same review cycle and were: (1) that the initial technical review could be circulated to the PPRC at the same time it was sent to the proponent, which could help the PPRC members to follow the review of the proposals at its initial stage; or (2) the revised proposals submitted during the same review cycle could be posted with tracked changes or a highlighted text.

86. The four options for tracking changes between meetings were: (1) to include in the PPRC document presenting the proposal the final technical review sheets prepared in the past meeting and the current one; (2) make mandatory the practice of submitting a response table explaining how the previous observations made by the Board had been addressed when a proposal previously reviewed in a past meeting is submitted for consideration; (3) reflect in the initial technical review sheet, either in an additional column or in a separate text, an analysis of the changes made in order to address the observations and clarification requests made in a past meeting; or (4) request the proponent to submit the proposal document to be considered at a Board meeting with tracked changes, or highlighted text, reflecting the changes made to the proposal submitted at a past meeting to address the observations made by the Board at that meeting.

87. Clarifications were sought with respect to the use of highlighting, tracked changes and the usefulness of the response table. It was suggested that if highlighting was used for proposals that had been submitted to multiple meetings then there would have to be some color-code or the document would soon develop a rainbow effect. It was also pointed out that it was hard to control colors with tracked changes as each person who modified the text tracked their changes in a different color. It was suggested that only clean documents should be posted on the website and it was asked why some of the documents were posted with tracked changes or highlighting. The representative of the secretariat explained that if the secretariat only received one version of the document, in tracked changes, then that was the document that it posted on the website. However, if the secretariat received both a clean version and a tracked version then it posted the clean version. He also said that the secretariat found the response tables very useful and when they were not provided by the proponents then the secretariat asked for them.

88. During the discussion that followed, the members of the PPRC expressed a preference for the fourth option for the tracking of changes between meetings, but requested the use of highlighted text instead of tracked changes, although it was also observed that there might be some problem following those changes if the submissions were completely reformulated. It was also pointed out that while it was interesting to follow the changes that had been made to proposals over time, the PPRC really needed to track the changes that had taken place between its current meeting and its previous meeting. It was also suggested that only a clean text version of the submissions should be posted on the website as there would be a tendency for those reading the text to focus on the highlighted parts and not comment on the rest of the proposal. The tables that the PPRC were already receiving, and which tracked the responses to the CRs and CARs, were also useful and should still be circulated to the PPRC.

89. The representative of the secretariat suggested that if the PPRC wished to effectively follow the highlighted changes in the proposals it should also request the response tables as well.

90. The Project and Programme Review Committee (PPRC) decided to recommend that the Adaptation Fund Board, to help the PPRC with tracking the changes made to the previous versions of proposals:

(a) Request the project/programme proponents to submit through the secretariat:

- (i) The proposal document to be considered at a Board meeting both in a clean version and one with highlighted text to reflect the changes made to the proposal submitted at the previous meeting of the Board; and
- (ii) A response table explaining where and how the observations made by the Board at its last meeting had been addressed by the proponent; and

(b) Request the PPRC to consider, at its eighteenth meeting, the experience gained by the PPRC in operationalizing this decision.

(Recommendation PPRC.16/10)

Agenda Item 8: Other matters

Capitalization of the Adaptation Fund's climate change reasoning

91. At the request of the Chair, a member introduced the issue of how to capitalize on the Adaptation Fund's climate change reasoning. The member said that for the work of the Adaptation Fund to be more visible to those working on the issue of climate change, there was a need to highlight the Fund's experience with concrete adaptation projects and programmes. The problem of adaptation to the effects of climate change was an increasingly important part of the international agenda. However, there had been little experience with concrete adaptation projects at the local and community level or experience with how to distinguish between the usual development projects and concrete adaptation projects. The Adaptation Fund did have that experience and that was the Fund's added value; it was important for the Fund to capitalize on that experience and demonstrate what made it unique among other funding mechanisms. But to achieve that it would first be necessary to have a synthesis of the adaptation reasoning that had already been used when evaluating the projects and programmes that had been approved by the Board.

92. It was pointed out that the discussion was timely and was important for the Fund distinguish itself from other Funds, especially as its funding mechanism would be reconsidered at CMP 11. The Fund had already been reaching out to the donors when searching for funds to clear the MIE pipeline. When doing that it had to stress what made it unique and why its activities presented an added value for the global community. There was currently a debate on whether to focus on adaptation measures or mitigation measures. The Fund could add its voice to the debate, in showing what it had already accomplished in terms of methodology and concrete adaptation activities.

93. In the discussion that followed it was observed that the Ethics and Finance Committee had the mandate to consider monitoring and evaluation, and that the issue of capitalizing of the Adaptation Fund's climate change reasoning would be of interest for all of the Board members. Despite that, it was suggested that it would be better to have a preliminary discussion of the issue at the next meeting of the PPRC. The secretariat had already done much of work on adaptation reasoning and so it should be requested to gather its comments together and prepare a synthesis document that could be considered at the next meeting of the PPRC.

94. The Project and Programme Review Committee (PPRC) decided to recommend that the Adaptation Fund Board request the secretariat to present, for consideration of the PPRC at its seventeenth meeting, an analysis of how project and programme proposals approved by the Board have addressed climate change adaptation reasoning, especially at the local level, based on the review criteria approved by the Board.

(Recommendation PPRC.16/11)

Agenda Item 9: Adoption of the report

95. The PPRC adopted its report on the basis of the draft report contained in document AFB/PPRC.16/L.1, as orally amended.

Agenda Item10: Closure of the meeting

96. The Chair declared the meeting closed at 5:35 pm on Wednesday, 8 April 2015.

Annex I

Project and Programme Review Committee Sixteenth Meeting Bonn, 7-8 April, 2015

PPRC members present in the meeting

- Mr. Ezzat L.H. AGAIBY (Egypt, Africa)
- Mr. Yerima Peter TARFA (Nigeria, Africa)
- Mr. Ahmed WAHEED (Maldives, Asia)
- Mr. Albara E. TAWFIQ (Saudi Arabia, Asia)
- Mr. Jeffery SPOONER (Jamaica, Latin America and the Caribbean)
- Mr. Emilio Luis SEMPRIS CEBALLOS (Panama, Latin America and the Caribbean)
- Ms. Yuka GREILER (Chair, Switzerland, Western European and Others Group)
- Mr. Marc-Antoine MARTIN (France, Western European and Others Group)
- Mr. Mamadou HONADIA (Burkina Faso, Least Developed Countries)
- Mr. Paul Elreen PHILLIP (Grenada, Small Island Developing States)
- Mr. Markku KANNINEN (, Finland, Annex I Parties)
- Mr. Michael Jan Hendrik KRACHT (Germany, Annex I Parties)
- Ms. Margarita CASO (Mexico, Non-Annex I Parties)
- Ms. Fatuma Mohamed HUSSEIN (Kenya, Non-Annex I Parties)