



ADAPTATION FUND

AFB/PPRC.16/3  
30 March 2015

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

Agenda Item 5

**REPORT OF THE SECRETARIAT ON INITIAL  
SCREENING/TECHNICAL REVIEW  
OF PROJECT AND PROGRAMME PROPOSALS**

## Background

1. This document presents to the Project and Programme Review Committee (PPRC) of the Adaptation Fund Board (the Board) an overview of the project/programme proposals submitted by Implementing Entities (IE) to the current meeting, and the process of screening and technical review undertaken by the secretariat.
2. The analysis of the proposals mentioned above is contained in a separate addendum to this document.

## Funding status and situation of the pipeline

3. In the twelfth meeting, the Board instituted a cap of 50 per cent for project funds directed through Multilateral Implementing Entities (MIEs), having decided:

*(a) That the cumulative budget allocation for funding projects submitted by MIEs, should not exceed 50 per cent of the total funds available for funding decisions in the Adaptation Fund Trust Fund at the start of each session. That cumulative allocation would be subject to review by the Board on the recommendation of the Project and Programme Review Committee at subsequent sessions;*

*(b) To request the Trustee to provide an update on the amount of funds that have been approved for projects implemented by NIEs and MIEs at each meeting of the Adaptation Fund Board; and*

*(c) To review the implementation of this decision at the fourteenth meeting of the Adaptation Fund Board.*

*(Decision B.12/9)*

4. In its seventeenth meeting, having considered the recommendation of the Ethics and Finance Committee (EFC), the Board decided to:

*(a) Maintain the 50 per cent cap on the funding of projects/programmes implemented by MIEs established by decision B.12/9, and exclude project/programme concepts from the 50 per cent calculation;*

*(b) Establish a pipeline of fully developed projects/programmes that have been recommended by the PPRC for approval by the Board, but exceeding the 50 per cent cap;*

*(c) Prioritize the projects/programmes in the pipeline by sequentially applying the following criteria:*

*(i) Their date of recommendation by the PPRC;*

*(ii) Their submission date; and*

*(iii) The lower "net" cost.*

*(d) Consider fully developed projects/programmes in the pipeline for approval, subject to availability of resources and respecting the 50 per cent cap; and*

*(e) Request that the EFC consider at its 9th meeting the suspension of project/programme submissions as the last measure and elaborate on a clear threshold that indicates when the measure should be applied (e.g. 60 per cent excess of the cap).*

*(Decision B.17/19)*

5. In its nineteenth meeting, having considered the comments and recommendations of the PPRC, the Board decided *to define the submission date referred to in paragraph (b) of Decision B.17/19 as the date of the submission of the fully-developed project/programme document to the particular meeting in which it was recommended for approval by the Project and Programme Review Committee.*

*(Decision B.19/5)*

6. In the nineteenth meeting in December 2012, for the first time, the total funding request of MIE project and programme proposals recommended by the PPRC for approval by the Board exceeded the 50 per cent cap and a pipeline of MIE projects and programmes was established. In the nineteenth meeting, four projects and programmes, for which funding was not available at that meeting, were placed in the pipeline in the order of the above prioritization criteria. In the twentieth meeting, three additional proposals were added to the pipeline, and in the twenty-first meeting, one additional proposal, bringing the total number of projects and programmes in the pipeline to eight. As a result of new revenue to the Fund, the Board was able to intersessionally approve, between the twenty-first and the twenty-second Board meeting, the first programme in the pipeline. In the twenty-second meeting, an additional project was placed in the pipeline, and during the period between the twenty-second and twenty-third meetings, new revenue obtained following the ninth session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol allowed to approve intersessionally four projects that were in the pipeline. In the twenty-third meeting an additional project was placed in the pipeline, bringing the total number of projects in the pipeline to five. New revenue to the Fund during the intersessional period between the twenty-third and twenty-fourth meetings allowed the funding of the first project in the pipeline. In the twenty-fourth meeting, no MIE projects were added to the pipeline. The remaining four project/programmes in the pipeline had a total value of US\$ 32,350,146. Between the twenty-fourth and twenty-fifth meetings, new revenue obtained following the tenth session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol allowed to initiate steps for intersessional approval of all the four projects that were in the pipeline. As of the date of this report, the proposals for Ghana, Mali and Nepal have been approved intersessionally, and the proposal for Indonesia is being processed for Board approval.

7. According to the latest financial Summary Status Report as at 31 December 2014, the cumulative funding decisions for projects/programmes submitted by MIEs amounted to US\$ 187.40 million, and the cumulative funding decisions for all projects/programmes amounted to US\$ 265.23 million<sup>1</sup>. Funds available to support AF Board funding decisions amounted to US\$ 176.81 million.

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<sup>1</sup> This was before the approval of any of the four pipeline MIE projects.

**Table 1: Status of the projects that were in the pipeline between the 24<sup>th</sup> and 25<sup>th</sup> Adaptation Fund Board meetings**

Pipeline of MIE projects							
Order of priority	Country (MIE)	Recomm. date	Submission date	Net cost US\$ M	Financing requested US\$ M	Cumulative US\$ M	Approval
1	Ghana (UNDP)	4/4/2013	1/28/2013	7.64	8.29	8.29	3/5/15
2	Mali (UNDP)	7/4/2013	4/24/2013	7.86	8.53	16.82	3/25/15
3	Nepal (WFP)	10/31/2013	8/26/2013	8.78	9.53	26.35	3/9/15
4	Indonesia (WFP)	3/20/2014	1/13/2014	5.52	5.99	32.35	In process

### Project/programme proposals submitted by implementing entities

8. Accredited IEs submitted nine proposals to the secretariat, with the total requested funding amounting to US\$ 48,128,111. Among the proposals were three project concepts, with a total requested funding of US\$ 16,461,880 and six fully developed proposals, all of which were submitted by National Implementing Entities (NIEs) with a total requested funding of US\$ 30,285,788. Following the initial technical review carried out by the secretariat, the budget requests of some of the proposals were altered. The final total requested funding of the nine proposals amounted to US\$ 48,097,199, with US\$ 17,812,880 for the three concepts, and US\$ 30,284,319 for the six fully developed proposals. The proposals included US\$ 3,615,112 or 8.1%<sup>2</sup> in Implementing Entities management fees and US\$ 3,779,052 or 8.5%<sup>3</sup> in execution costs.

9. Two Regional Implementing Entities (RIE) submitted one project concept each: the Secretariat of the Pacific Regional Environment Programme (SPREP) for the Federated States of Micronesia, and the Sahara and Sahel Observatory (OSS) for Uganda, and the NIE for Senegal (*Centre de Suivi Ecologique*, CSE) also submitted a concept. Three fully-developed proposals were submitted by the NIE for India (National Bank for Agriculture and Rural Development, NABARD), while the NIEs for Jordan (Ministry of Planning and International Cooperation, MOPIC), Morocco (*Agence de Développement Agricole*, ADA) and Peru (Peruvian Trust Fund for National Parks and Protected Areas, PROFONANPE) each submitted one fully-developed proposal. It should be noted that for a second consecutive time, no proposal was submitted by an MIE. Details of the proposals are contained in the separate PPRC working documents, as follows:

AFB/PPRC.16/5 *Proposal for Senegal (CSE)*

AFB/PPRC.16/5/Add.1 *Project Formulation Grant for Senegal (CSE)*

AFB/PPRC.16/6 *Proposal for the Federated States of Micronesia (SPREP)*

AFB/PPRC.16/7 *Proposal for Uganda (OSS)*

<sup>2</sup> 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.

<sup>3</sup> 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.

AFB/PPRC.16/8 Proposal for India (1) (NABARD)

AFB/PPRC.16/9 Proposal for India (2) (NABARD)

AFB/PPRC.16/10 Proposal for India (3) (NABARD)

AFB/PPRC.16/11 Proposal for Jordan (MOPIC)

AFB/PPRC.16/12 Proposal for Morocco (ADA)

AFB/PPRC.16/13 Proposal for Peru (PROFONANPE)

10. Of the nine proposal submissions eight are for regular projects and programmes, i.e. they request funding exceeding US\$ 1,000,000 and one is a small-size project proposal, i.e. a proposal requesting up to US\$ 1,000,000.

11. The average funding requested for the five regular fully-developed proposals amounts to US\$ 5,862,950, including management fees charged by the IEs. The small-size project proposal has a funding request of US\$ 969,570, also including the management fee charged by the NIE. The average funding requested for the three concept proposals amounts to US\$ 5,947,627, also including management fees charged by the IEs. With the exception of one of the proposals for India (3) for which a corresponding observation has been made, these proposals do not request management fees in excess of 8.5% and are thus in compliance with Board Decision B.11/16 to cap management fees at 8.5%. In accordance with the same Decision B.11/16, all proponents of fully-developed project documents provide a budget on fee use.

12. With the exception of one of the proposals for India (3), all proposals are in compliance with Board Decision B.13/17 to cap execution costs at 9.5% of the project/programme budget. The execution costs in the fully-developed project/programme documents submitted to this meeting total US\$ 3,776,372, with an average of US\$ 479,098 for the regular projects, and US\$ 76,595 for the small-size project.

13. All proposals request funding below the cap of US \$10 million decided on a temporary basis, for each country, as per Decision B.13/23.

14. The funding requests of the fully-developed NIE project and programme documents submitted to the current meeting amount to US\$ 30,284,319, including 8.5% in management fees. The project formulation grant (PFG) request from the NIEs for Senegal amounts to US\$ 30,000 and is in accordance with Board Decision B.12/28. The current cumulative funding allocation for projects/programmes and PFGs submitted by NIEs is US\$ 77,880,001, which represented 17.7% of the sum of cumulative project/programme funding decisions and funds available to support funding decisions, as at 28 February 2014. If the Board were to decide to approve the fully-developed NIE proposals and the PFG request submitted to the twenty-fourth meeting, the cumulative funding allocation for NIEs would increase to US\$ 108,194,320, which would represent 24.5% of total project/programme funds.

**Table 2: Project proposals submitted to the 25th Adaptation Fund Board meeting**

Country	IE	Financing requested (USD)	Stage	IE Fee, USD	IE Fee, %	Execution Cost (EC), USD	EC, % of Total
Senegal	CSE	\$1,351,000	Project concept	\$104,890	8.42%	\$108,110	8.68%
Federated States of Micronesia <sup>4</sup>	SPREP	\$8,967,600	Project concept	\$646,425	7.77%	\$716,175	8.61%
Uganda	OSS	\$7,494,280	Project concept	\$490,280	7.00%	\$480,000	6.85%
India (1)	NABARD	\$969,570	Fully developed project document	\$75,600	8.46%	\$76,595	8.57%
India (2)	NABARD	\$1,790,500	Fully developed project document	\$139,413	8.44%	\$143,192	8.67%
India (3) <sup>5</sup>	NABARD	\$1,378,010	Fully developed project document	\$109,955	8.67%	\$120,600	9.51%
Jordan	MOPIC	\$9,226,000	Fully developed programme document	\$723,000	8.50%	\$703,000	8.27%
Morocco	ADA	\$9,970,000	Fully developed project document	\$781,060	8.50%	\$872,950	9.50%
Peru	PROFON ANPE	\$6,950,239	Fully developed project document	\$544,489	8.50%	\$555,750	8.68%
Senegal	CSE	\$30,000	Project formulation grant	-	-	-	-
<b>Total</b>		<b>\$48,097,199</b>		<b>\$3,615,112</b>	<b>8.13%</b>	<b>\$3,776,372</b>	<b>8.49%</b>

15. All of the fully-developed project/programme documents provide an explanation and a breakdown of their execution costs and other administrative costs, and are in compliance with the following Board Decision made in the twelfth meeting:

<sup>4</sup> The initial review identified issues in the budget that required clarification. The proponent has not yet addressed those issues.

<sup>5</sup> The revised version of the proposal includes a budget with incorrect calculations. Either one or both of the administrative cost categories may be above the limits set by the Board.

*(b) To request to the implementing entities that the project document include an explanation and a breakdown of all administrative costs associated with the project, including the execution costs.*

*(Decision B.12/7)*

16. In accordance with the operational policies and guidelines, the secretariat screened and prepared technical reviews of the nine project and programme proposals. In performing this review task, the dedicated team of officials of the secretariat was supported by members of the Global Environment Facility secretariat technical staff, particularly for proposals that had not been previously submitted by the implementing entities.

17. In line with the Board request at its tenth meeting, the secretariat shared the initial technical review findings with the Implementing Entities that had submitted the proposals and solicited their responses to specific items requiring clarification. Responses were requested by e-mail, and the time allowed for the Implementing Entities to respond was one week. In some cases though, the process took longer. The Implementing Entities were offered the opportunity to discuss the initial review findings with the secretariat by telephone.

18. The secretariat subsequently reviewed the IEs' responses to the clarification requests, and compiled comments and recommendations that are presented in the addendum to this document (AFB/PPRC.16/3/Add.1).

#### **Issues identified during the review process**

19. There were no particular issues identified during this review process.