



ADAPTATION FUND

AFB/PPRC.17/4
28 September 2015

Adaptation Fund Board
Project and Programme Review Committee
Seventeenth meeting
Bonn, Germany, 6-7 October 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 to twenty-third meetings, additional MIE proposals were placed in the pipeline. After the twenty-first meeting, new revenue received by the Fund allowed the Board to intersessionally approve pipeline proposals. The last proposal in the pipeline, proposed by the World Food Programme (WFP) for Indonesia, was approved intersessionally between the twenty-fifth and twenty-sixth meetings (Decision B.25-26/4).

7. According to the latest Financial Report prepared by the Trustee as of 30 June 2015 (AFB/EFC.17/7), the cumulative funding decisions for projects/programmes submitted by MIEs amounted to US\$ 219.75 million, and the cumulative funding decisions for all projects/programmes amounted to US\$ 318.62 million. Funds available to support AF Board funding decisions amounted to US\$ 131.85 million. In accordance with the Board decision B.12/9, the funds available for projects submitted by MIEs below the 50% cap amounted to US\$ 5.49 million.

Pilot Programme for Regional Projects and Programmes

8. Since its inception, the Adaptation Fund Board has only approved projects and programmes implemented in individual countries. In its twenty-fifth meeting, the Board considered a proposal for a pilot programme on regional projects and programmes, and decided to:

(a) Approve the pilot programme on regional projects and programmes, as contained in document AFB/B.25/6/Rev.2;

(b) Set a cap of US\$ 30 million for the programme;

(c) Request the secretariat to issue a call for regional project and programme proposals for consideration by the Board in its twenty-sixth meeting; [...]

(Decision B.25/28)

9. In accordance with the decision B.25/28 and the document AFB/B.25/6/Rev.2, the secretariat issued, on 5 May 2015, an invitation to submit project and programme proposals for funding under the pilot programme. The invitation was sent to Designated Authorities for the

Adaptation Fund, and to Multilateral and Regional Implementing Entities accredited by the Board. In accordance with document AFB/B.25/6/Rev.2, the deadline for the first cycle of technical review was set to coincide with that of single-country proposals for the twenty-sixth meeting, i.e. 4 August 2015. The present report includes, for the first time, a description of the review of the regional project and programme proposals that were received by the deadline.

Project/programme proposals submitted by implementing entities: single country proposals

10. Accredited IEs submitted 21 single-country proposals to the secretariat, with the total requested funding amounting to US\$ 100,486,235. Among the proposals were seven project concepts, with a total requested funding of US\$ 29,397,426 and 14 fully developed proposals with a total requested funding of US\$ 71,088,809. For one country, India, the total value of the submitted proposals, together with the projects and programmes that had already been approved for that country, exceeded the cap of US\$ 10 million set by the Board, on an interim basis, for each country funded for support by the Adaptation Fund through decision B.13/23. Following an exchange with the secretariat the Indian National Implementing Entity (NIE), the National Bank for Agriculture and Rural Development (NABARD), which was the proponent of all these projects, informed that it would withdraw one of the project concepts and would adjust the budget of another project concepts, to remain within the country cap. In addition, following the initial technical review carried out by the secretariat, five other proposals, a project concept and four fully-developed project documents, were withdrawn by the proponents. In addition, budget requests from some proposals were altered following the initial review. The final total requested funding of the 15 proposals amounted to US\$ 62,483,796, with US\$ \$18,476,842 for the five concepts, and US\$ 44,006,954 for the 10 fully developed proposals. The proposals included US\$ 4,590,849 or 7.9%¹ in Implementing Entities management fees and US\$ 4,619,275 or 8.0%² in execution costs.

11. Two NIEs submitted one concept each: the NIE for Senegal (*Centre de Suivi Ecologique*, CSE) and the NIE for India (the National Bank for Agriculture and Rural Development, NABARD). Two Regional Implementing Entities (RIE) submitted project concepts: the *Banco de Desarrollo de America Latina* (CAF; Development Bank of Latin America) submitted two concepts, for Ecuador and Peru, respectively, and *Banque Ouest Africaine de Développement* (BOAD, West African Development Bank) submitted a concept for Guinea-Bissau. Four fully-developed proposals were submitted by the NIE for Namibia, the Desert Research Foundation of Namibia (DRFN), and two by the NIE for India, NABARD. The NIEs for Chile, *Agencia de Cooperación Internacional de Chile* (AGCI, Chilean International Cooperation Agency) and Peru, *Fondo de Promoción de las Áreas Naturales Protegidas del Perú* (PROFONANPE; Peruvian Trust Fund for National Parks and Protected Areas), submitted one fully-developed project document each. One RIE, BOAD, submitted a fully-developed project document for Niger, and one MIE, the World Bank, submitted a fully-developed project document for Albania. Details of the single-country proposals are contained in the separate PPRC working documents, as follows:

AFB/PPRC.17/6 *Proposal for India (1) (NABARD)*

AFB/PPRC.17/6/Add.1 *Project Formulation Grant for India (1) (NABARD)*

AFB/PPRC.17/7 *Proposal for Senegal (CSE)*

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.

AFB/PPRC.17/7/Add.1 Project Formulation Grant for Senegal (CSE)

AFB/PPRC.17/8 Proposal for Ecuador (CAF)

AFB/PPRC.17/9 Proposal for Guinea Bissau (BOAD)

AFB/PPRC.17/10 Proposal for Peru (1) (CAF)

AFB/PPRC.17/11 Proposal for India (2) (NABARD)

AFB/PPRC.17/12 Proposal for Namibia (1) (DRFN)

AFB/PPRC.17/13 Proposal for Namibia (2) (DRFN)

AFB/PPRC.17/14 Proposal for Namibia (3) (DRFN)

AFB/PPRC.17/15 Proposal for Chile (AGCI)

AFB/PPRC.17/16 Proposal for India (3) (NABARD)

AFB/PPRC.17/17 Proposal for Namibia (4) (DRFN)

AFB/PPRC.17/18 Proposal for Peru (2) (PROFONANPE)

AFB/PPRC.17/19 Proposal for Niger (BOAD)

AFB/PPRC.17/20 Proposal for Albania (World Bank)

12. Of the 15 proposal submissions 11 are for regular projects and programmes, i.e. they request funding exceeding US\$ 1,000,000 and four are small-size project proposals, i.e. a proposal requesting up to US\$ 1,000,000.

13. The average funding requested for the six regular fully-developed proposals amounts to US\$ 6,758,041, including management fees charged by the IEs. The four small-size project proposals have an average funding request of US\$ 864,678, also including the management fee charged by the IEs. The average funding requested for the five concept proposals amounts to US\$ 3,695,368, also including management fees charged by the IEs. 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.

14. 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\$ 3,132,427, with an average of US\$ 73,483 for the small size projects and US\$ 473,083 for the regular projects.

15. 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.

16. The funding requests of the fully-developed NIE project and programme documents submitted to the current meeting amount to US\$ 27,713,104, including 7.3% in management fees. The project formulation grant (PFG) requests from NIEs for India and Senegal amount to US\$ 58,400 and are in accordance with Board Decision B.12/28. The current cumulative funding allocation for projects/programmes and PFGs submitted by NIEs is US\$ 98,866,601, which represented 21.9% of the sum of cumulative project/programme funding decisions and funds available to support funding decisions, as at 30 June 2015. If the Board were to decide to approve the fully-developed NIE proposals and the PFG requests submitted to the twenty-sixth meeting, the

cumulative funding allocation for NIEs would increase to US\$ 126,579,705, which would represent 28.1% of total project/programme funds.

Table 1: Single-country project proposals submitted to the 26th Adaptation Fund Board meeting

Country	IE	Financing requested (USD)	Stage	IE Fee, USD	IE Fee, %	Execution Cost (EC), USD	EC, % of Total
India (1)	NABARD	\$2,514,561	Project concept	\$196,993	8.50%	\$201,068	8.68%
Senegal	CSE	\$1,256,983	Project concept	\$104,890	8.50%	\$108,110	8.68%
Ecuador	CAF	\$2,489,373	Project concept	\$184,398	8.00%	\$199,975	8.68%
Guinea Bissau	BOAD	\$9,979,000	Project concept	\$781,000	8.49%	\$798,000	8.68%
Peru	CAF	\$2,236,925	Project concept	\$165,698	8.00%	\$179,695	8.68%
India (2)	NABARD	\$969,570	Fully developed project document	\$75,600	8.46%	\$76,595	8.57%
Namibia (1)	DRFN	\$989,140	Fully developed project document	\$77,490	8.50%	\$86,000	9.43%
Namibia (2)	DRFN	\$750,000	Fully developed project document	\$58,756	8.50%	\$65,668	9.50%
Namibia (3)	DRFN	\$750,000	Fully developed project document	\$58,756	8.50%	\$65,668	9.50%
Chile	AGCI	\$9,960,000	Fully developed project document	\$500,000	5.29%	\$450,000	4.76%
India (3)	NABARD	\$1,344,155	Fully developed project document	\$105,300	8.50%	\$107,400	8.67%
Namibia (4)	DRFN	\$6,000,000	Fully developed project document	\$470,046	8.50%	\$525,346	9.50%
Peru	PROFON ANPE	\$6,950,239	Fully developed project document	\$544,489	8.50%	\$555,750	8.68%

Niger	BOAD	\$9,990,000	Fully developed project document	\$780,000	8.50%	\$790,000	8.58%
Albania	The World Bank	\$6,303,850	Fully developed project document	\$493,850	8.50%	\$410,000	7.06%
India	NABARD	\$28,400	Project formulation grant	-	-	-	-
Senegal	CSE	\$30,000	Project formulation grant	-	-	-	-
Total		\$62,542,196		\$4,597,266	7.94%	\$4,619,275	7.98%

17. 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:

(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)

Project/programme proposals submitted by implementing entities: regional proposals

18. Accredited MIEs and RIEs submitted to the secretariat 16 proposals for regional projects and programmes, for consideration within the pilot programme approved by the Board in its twenty-fifth meeting. The total requested funding of those proposals amounted to US\$ 106,039,921. Among the proposals were 15 pre-concepts for regional projects, with a total requested funding of US\$ 92,039,921 and one fully developed project document with requested funding of US\$ 14,000,000. Eight of the pre-concepts were submitted by offices of the United Nations Educational, Scientific, and Cultural Organization (UNESCO), which is an MIE of the Adaptation Fund. However following consultation within the organization, the MIE decided to withdraw four of those pre-concepts soon after their submission. In addition, following the initial technical review carried out by the secretariat, two other proposals, a project pre-concept and the fully-developed project document, were withdrawn by their respective proponents. Three other pre-concepts were not accompanied by the required Designated Authority endorsement letters of one or more of the proposed participating countries, and had to be considered ineligible in accordance with the Operational Policies and Guidelines of the Fund³. The final total requested funding of the seven remaining pre-concepts for regional projects and programmes amounted to US\$ 59,859,921. The proposals included US\$

³ Operational Policies and Guidelines for Parties to Access Resources from the Adaptation Fund (amended in October 2014), paragraph 30: "In the case of regional (i.e., multi-country) projects and programmes, the proposal submitted to the Board should be endorsed by the Designated Authority of each participating Party."

4,756,619 or 8.6%⁴ in Implementing Entities management fees and US\$ 4,602,051 or 8.4%⁵ in execution costs.

19. Of the seven pre-concepts that remained at end of the review, two were submitted by the United Nations Development Programme (UNDP), which is an MIE of the Adaptation Fund. Three other MIEs, the United Nations Environment Programme (UNEP), the World Food Programme (WFP), and the World Meteorological Organization (WMO) each submitted one pre-concept. Two RIEs, BOAD and CAF, each submitted one pre-concept. Details of the regional proposals are contained in the separate PPRC working documents, as follows:

AFB/PPRC.17/21 *Proposal for Benin, Burkina Faso, Ghana, Niger and Togo (BOAD)*

AFB/PPRC.17/21/Add.1 *Project Formulation Grant for Benin, Burkina Faso, Ghana, Niger and Togo (BOAD)*

AFB/PPRC.17/22 *Proposal for Chile and Ecuador (CAF)*

AFB/PPRC.17/22/Add.1 *Project Formulation Grant for Chile and Ecuador (CAF)*

AFB/PPRC.17/23 *Proposal for Burundi, Kenya, Rwanda, Tanzania and Uganda (UNEP)*

AFB/PPRC.17/23/Add.1 *Project Formulation Grant for Burundi, Kenya, Rwanda, Tanzania and Uganda (UNEP)*

AFB/PPRC.17/24 *Proposal for Colombia and Ecuador (WFP)*

AFB/PPRC.17/25 *Proposal for Cuba, Dominican Republic and Jamaica (UNDP)*

AFB/PPRC.17/25/Add.1 *Project Formulation Grant for Cuba, Dominican Republic and Jamaica (UNDP)*

AFB/PPRC.17/26 *Proposal for Ethiopia, Kenya and Uganda (WMO)*

AFB/PPRC.17/27 *Proposal for Seychelles and Mauritius (UNDP)*

AFB/PPRC.17/27/Add.1 *Project Formulation Grant for Seychelles and Mauritius (UNDP)*

20. Of the seven pre-concepts, three target the funding window for larger projects, of up to US\$ 14 million, while the other four pre-concepts target the funding window of up to US\$ 5,000,000.

21. The average funding requested for the three proposals targeting the funding window for larger projects amounts to US\$ 13,330,185, including management fees charged by the IEs. The four pre-concepts targeting the window for smaller projects have an average funding request of US\$ 4,967,342, also including the management fee charged by the IEs. These proposals do not request administration costs, including implementing entity management fee and execution costs, in excess of 20% and are thus in compliance with the pilot programme as described in document AFB/B.25/6/Rev.2. The implementing entity management fees average 8.63% and the execution costs 8.35%.

22. Five of the seven pre-concepts were submitted together with project formulation grant (PFG) requests, each at the level of US\$ 20,000, and therefore in accordance with the pilot programme

⁴ 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.

⁵ 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.

as described in document AFB/B.25/6/Rev.2. If the Board were to decide to approve all the PFG requests submitted to the twenty-sixth meeting with the regional pre-concepts, totaling US\$ 100,000, this would correspond to 10.0% of the funding indicatively set aside for project formulation grants in the pilot programme for regional projects and programmes.

Table 2: Regional project proposals submitted to the 26th Adaptation Fund Board meeting

Countries	IE	Financing requested (USD)	Stage	IE Fee, USD	IE Fee, %	Execution Cost (EC), USD	EC, % of Total	Project Formul. Grant, USD
Benin, Burkina Faso, Ghana, Niger, Togo	BOAD	\$14,000,000	Pre-concept	\$1,132,000	8.80%	\$868,000	6.75%	\$20,000
Chile, Ecuador	CAF	\$11,990,554	Pre-concept	\$888,189	8.00%	\$916,709	8.26%	\$20,000
Burundi, Kenya, Rwanda, Tanzania, Uganda	UNEP	\$5,000,000	Pre-concept	\$391,705	8.50%	\$399,806	8.68%	\$20,000
Colombia, Ecuador	WFP	\$14,000,000	Pre-concept	\$1,096,774	8.50%	\$1,119,458	8.68%	\$0
Cuba, Dominican Republic, Jamaica	UNDP	\$4,969,367	Pre-concept	\$431,132	9.50%	\$431,235	9.50%	\$20,000
Seychelles, Mauritius	UNDP	\$4,900,000	Pre-concept	\$425,114	9.50%	\$425,215	9.50%	\$20,000
Ethiopia, Kenya, Uganda	WMO	\$5,000,000	Pre-concept	\$391,705	8.50%	\$441,628	9.58%	\$0
Total		\$59,859,921		\$4,756,619	8.63%	\$4,602,051	8.35%	\$100,000

The review process

23. In accordance with the operational policies and guidelines, the secretariat screened and prepared technical reviews of the fifteen single-country project and programme proposals, and the seven regional 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.

24. 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.

25. 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.17/4/Add.1).

Issues identified during the review process

26. The current review cycle was the first one during which regional proposals were considered. There was evidently widespread interest in this new opportunity among accredited MIEs and RIEs, as witnessed by the large number of proposals (16) initially submitted for consideration. A common challenge for many of the proposals was securing the necessary endorsement letters from the Designated Authorities of all the participating countries. In some cases, no Designated Authority had been even appointed for one or more countries proposed to participate in the project. In conducting the review, the secretariat followed the requirement contained in the Operational Policies and Guidelines, according to which "In the case of regional (i.e., multi-country) projects and programmes, the proposal submitted to the Board should be endorsed by the Designated Authority of each participating Party."⁶

⁶ Operational Policies and Guidelines for Parties to Access Resources from the Adaptation Fund (amended in October 2014), paragraph 30.