



ADAPTATION FUND

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Adaptation Fund Board  
Project and Programme Review Committee  
Eighteenth meeting  
Bonn, Germany, 15-16 March 2016

Agenda Item 6

**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 31 December 2015 (AFB/EFC.18/7), the cumulative funding decisions for projects/programmes submitted by MIEs amounted to US\$ 219.81 million, and the cumulative funding decisions for all projects/programmes amounted to US\$ 331.03 million. Funds available to support AF Board funding decisions amounted to US\$ 177.65 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\$ 34.53 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 had 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.

10. The Board considered, at its twenty-sixth meeting, seven pre-concepts for regional projects, and decided to endorse four of them, as well as approve project formulation grants for those four pre-concepts. The Board also decided, at its twenty-sixth meeting,

*[...] to request the secretariat to inform the Multilateral Implementing Entities and Regional Implementing Entities that the call for proposals under the Pilot programme for Regional Projects and Programmes is still open and to encourage them to submit proposals to the AFB at its 27th meeting, bearing in mind the cap established by decision B.25/28.*

*(Decision B.26/3)*

11. The secretariat again received proposals for regional projects and programmes as encouraged by Decision B.26/3, and reviewed them, as explained below.

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

12. Accredited IEs submitted 15 single-country proposals to the secretariat, with the total requested funding amounting to US\$ 80,733,906. Among the proposals were 11 project concepts, with a total requested funding of US\$ 58,828,184 and four fully developed proposals with a total requested funding of US\$ 21,905,722. Following the initial technical review carried out by the secretariat, three proposals, two project concepts and one fully-developed project document, were withdrawn by the proponents. In addition, budget requests from some proposals were altered. The final total requested funding of the 12 proposals amounted to US\$ 72,090,698, with US\$ \$49,229,459 for the nine concepts, and US\$ 22,861,239 for the 3 fully developed proposals. The proposals included US\$ 4,801,056 or 7.1%<sup>1</sup> in Implementing Entities management fees and US\$ 5,676,107 or 8.4%<sup>2</sup> in execution costs.

13. The National Implementing Entity (NIE) for Namibia, the Desert Research Foundation of Namibia (DRFN), submitted two project concepts, and three NIEs submitted one project concept each: the NIE for Antigua and Barbuda, the Antigua and Barbuda Environment Department (ABED), the NIE for the Federated States of Micronesia, the Micronesia Conservation Trust (MCT), and the NIE for Panama, *Fundación Natura*. Two Regional Implementing Entities (RIE) submitted project concepts: the *Banque Ouest Africaine de Développement* (BOAD; West African Development Bank) submitted two concepts, for Guinea-Bissau and Togo, respectively, and the *Banco de Desarrollo de America Latina* (CAF; Development Bank of Latin America) submitted a concept for Peru. One concept was received from an MIE, for the Lao People's Democratic Republic from the United Nations Human Settlements Programme (UN-Habitat). One fully developed project proposal was submitted by the NIE for Peru, *Fondo de Promoción de las Áreas Naturales Protegidas del Perú* (PROFONANPE; Peruvian Trust Fund for National Parks and Protected Areas). One RIE and one MIE submitted a fully developed project proposal each: BOAD for Niger, and the World Bank

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<sup>1</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>2</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.

for Albania. Details of the single-country proposals are contained in the separate PPRC working documents, as follows:

AFB/PPRC.18/4 Proposal for the Federated States of Micronesia (MCT)

AFB/PPRC.18/4/Add.1 Project Formulation Grant for the Federated States of Micronesia (MCT)

AFB/PPRC.18/5 Proposal for Namibia (1) (DRFN)

AFB/PPRC.18/5/Add.1 Project Formulation Grant for Namibia (1) (DRFN)

AFB/PPRC.18/6 Proposal for Namibia (2) (DRFN)

AFB/PPRC.18/6/Add.1 Project Formulation Grant for Namibia (2) (DRFN)

AFB/PPRC.18/7 Proposal for Antigua and Barbuda (ABED)

AFB/PPRC.18/7/Add.1 Project Formulation Grant for Antigua and Barbuda (ABED)

AFB/PPRC.18/8 Proposal for Panama (Fundación Natura)

AFB/PPRC.18/8/Add.1 Project Formulation Grant for Panama (Fundación Natura)

AFB/PPRC.18/9 Proposal for Guinea-Bissau (BOAD)

AFB/PPRC.18/10 Proposal for Peru (1) (CAF)

AFB/PPRC.18/11 Proposal for Togo (BOAD)

AFB/PPRC.18/12 Proposal for the Lao People's Democratic Republic (UN-Habitat)

AFB/PPRC.18/13 Proposal for Peru (2) (PROFONANPE)

AFB/PPRC.18/14 Proposal for Niger (BOAD)

AFB/PPRC.18/15 Proposal for Albania (the World Bank)

14. Of the 12 proposal submissions 9 are for regular projects and programmes, i.e. they request funding exceeding US\$ 1,000,000 and three are small-size project proposals, i.e. a proposal requesting up to US\$ 1,000,000.

15. The average funding requested for the three regular fully-developed proposals amounts to US\$ 7,620,413, including management fees charged by the IEs. The average funding requested for the six regular concept proposals amounts to US\$ 7,788,243, and for the three small-size concept proposals to US\$ 833,333, 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. The average implementing entity fee requested by the fully-developed project/programme documents is US\$ 589,830.

16. 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 average of US\$ 616,250.

17. 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.

18. The funding request of the only fully-developed NIE project document, for Peru, submitted to the current meeting is US\$ 6,950,239, including 8.5% in management fees. The project formulation grant (PFG) requests from NIEs for Antigua and Barbuda, the Federated States of Micronesia, Namibia and Panama amount to US\$ 150,000 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\$ 111,198,926, which represented 21.9% of the sum of cumulative project/programme funding decisions and funds available to support funding decisions, as at 31 December 2015. If the Board were to decide to approve the fully-developed NIE proposal and the PFG requests submitted to the twenty-seventh meeting, the cumulative funding allocation for NIEs would increase to US\$ 118,299,165, which would represent 22.9% of total project/programme funds.

**Table 1: Single-country project proposals submitted to the 27th Adaptation Fund Board meeting**

Country	IE	Financing requested (USD)	Stage	IE Fee, USD	IE Fee, %	Execution Cost (EC), USD	EC, % of Total
Federated States of Micronesia	MCT	\$1,000,000	Project concept	\$78,200	8.48%	\$83,800	8.38%
Namibia (1)	DRFN	\$750,000	Project concept	\$58,756	8.50%	\$65,668	9.50%
Namibia (2)	DRFN	\$750,000	Project concept	\$58,756	8.50%	\$65,668	9.50%
Antigua and Barbuda	ABED	\$9,401,275	Project concept	\$0	0.00%	\$658,400	7.00%
Panama	Fundación Natura	\$9,952,131	Project concept	\$716,890	7.76%	\$801,230	8.68%
Guinea Bissau	BOAD	\$9,979,000	Project concept	\$781,000	8.49%	\$798,000	8.68%
Peru (1)	CAF	\$2,897,053	Project concept	\$214,597	8.00%	\$232,725	8.68%
Togo	BOAD	\$10,000,000	Project concept	\$770,834	8.35%	\$762,041	8.26%
Lao People's Democratic Republic	UN-HABITAT	\$4,500,000	Project concept	\$352,534	8.50%	\$359,825	8.68%
Peru	PROFON ANPE	\$6,950,239	Fully developed project document	\$544,489	8.50%	\$555,750	8.68%
Niger	BOAD	\$9,911,000	Fully developed project document	\$760,000	8.31%	\$768,000	8.39%
Albania	The World Bank	\$6,000,000	Fully developed project document	\$465,000	8.40%	\$525,000	9.49%
<b>Total</b>		<b>\$72,090,698</b>		<b>\$4,801,056</b>	<b>7.13%</b>	<b>\$5,676,107</b>	<b>8.44%</b>

19. 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**

20. Accredited MIEs and RIEs submitted to the secretariat eight 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\$ 81,914,789. Among the proposals were six pre-concepts for regional projects, with a total requested funding of US\$ 62,914,789 and two project concepts with a total requested funding of US\$ 19,000,000. Following the initial technical review carried out by the secretariat, the budget requests for some of the proposals were altered. The final total requested funding of the pre-concepts amounted to US\$ 59,341,203. They included US\$ 4,594,196 or 8.4%<sup>3</sup> in Implementing Entities management fees and US\$ 3,889,358 or 7.1%<sup>4</sup> in execution costs. The final total requested funding for the two concepts amounted to US\$ 19,000,000, and they included US\$ 1,523,705 or 8.7% in Implementing Entities management fees and US\$ 2,117,806 or 12.1% in execution costs

21. Of the six pre-concepts, two were submitted by the United Nations Educational, Scientific, and Cultural Organization (UNESCO). Three other MIEs, UN-Habitat, the World Food Programme (WFP), and the World Meteorological Organization (WMO) each submitted one pre-concept. One RIE, CAF, submitted a pre-concept. Of the project concepts, one was submitted by an RIE, BOAD, and the other by an MIE, the United Nations Environment Programme (UNEP). Details of the regional proposals are contained in the separate PPRC working documents, as follows:

*AFB/PPRC.18/16 Proposal for Chile and Ecuador (CAF)*

*AFB/PPRC.18/17 Proposal for Cambodia, the Lao People's Democratic Republic, Myanmar, Thailand and Viet Nam (UNESCO)*

*AFB/PPRC.18/18 Proposal for Colombia and Ecuador (WFP)*

*AFB/PPRC.18/18/Add.1 Project Formulation Grant for Colombia and Ecuador (WFP)*

*AFB/PPRC.18/19 Proposal for the Comoros, Madagascar, Malawi and Mozambique (UN-Habitat)*

*AFB/PPRC.18/20 Proposal for Ethiopia, Kenya and Uganda (WMO)*

*AFB/PPRC.18/21 Proposal for Kyrgyzstan, Tajikistan and Uzbekistan (UNESCO)*

*AFB/PPRC.18/22 Proposal for Benin, Burkina Faso, Ghana, Niger and Togo (BOAD)*

<sup>3</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>4</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.18/22/Add.1 Project Formulation Grant for Benin, Burkina Faso, Ghana, Niger and Togo (BOAD)

AFB/PPRC.18/23 Proposal for Burundi, Kenya, Rwanda, the United Republic of Tanzania and Uganda (UNEP)

AFB/PPRC.18/23/Add.1 Project Formulation Grant for Burundi, Kenya, Rwanda, the United Republic of Tanzania and Uganda (UNEP)

22. Of the six pre-concepts, three target the funding window for larger projects, of up to US\$ 14 million, and two target the funding window of up to US\$ 5,000,000. One pre-concept exceeds the size of the funding window for larger projects. Of the two concepts, one targets the window for larger projects and the other the window for smaller projects.

23. The average funding requested for the three pre-concept proposals targeting the funding window for larger projects amounts to US\$ 11,570,133, including management fees charged by the IEs. The two pre-concepts targeting the window for smaller projects have an average funding request of US\$ 4,771,125, also including the management fee charged by the IEs. One of the two project concepts targets the funding window for larger projects, exactly at its maximum size of US\$ 14,000,000, and the other targets the funding window for smaller projects, also exactly at its maximum size of US\$ 5,000,000. Apart from the concept proposal targeting the larger window, 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.

24. One of the six pre-concepts was submitted together with a project formulation grant (PFG) request, at the level of US\$ 20,000, and therefore in accordance with the pilot programme as described in document AFB/B.25/6/Rev.2. Both concept proposals were submitted together with a PFG request, each at the level of US\$ 80,000, also in accordance with the pilot programme. If the Board were to decide to approve all the PFG requests submitted to the twenty-seventh meeting with the regional proposals, totaling US\$ 180,000, this would correspond to 18.0% of the funding indicatively set aside for project formulation grants in the pilot programme for regional projects and programmes, and raise the cumulative amount of PFG support in the programme to US\$ 260,000 or, to 26% of the funding indicatively set aside.

**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
Chile, Ecuador	CAF	\$13,910,400	Pre-concept	\$1,030,400	8.00%	\$350,000	2.72%	\$0
Cambodia, Lao PDR, Myanmar, Thailand, Vietnam	UNESCO	\$4,542,250	Pre-concept	\$327,250	7.76%	\$365,000	8.66%	\$0



Colombia, Ecuador	WFP	\$14,000,000	Pre-concept	\$1,096,774	8.50%	\$1,119,458	8.68%	\$20,000
Ethiopia, Kenya, Uganda	WMO	\$6,800,000	Pre-concept	\$532,719	8.50%	\$598,400	9.55%	\$0
Kyrgyzstan, Tajikistan, Uzbekistan	UNESCO	\$5,000,000	Pre-concept	\$425,000	9.29%	\$250,000	5.46%	\$0
The Comoros, Madagascar, Malawi, Mozambique	UN-Habitat	\$15,088,553	Pre-concept	\$1,182,053	8.50%	\$1,206,500	8.68%	\$0
Benin, Burkina Faso, Ghana, Niger, Togo	BOAD	\$14,000,000	Concept	\$1,132,000	8.80%	\$1,718,000	13.35%	\$80,000
Burundi, Kenya, Rwanda, Tanzania, Uganda	UNEP	\$5,000,000	Concept	\$391,705	8.50%	\$399,806	8.68%	\$80,000
<b>Total</b>		<b>\$78,341,203</b>		<b>\$6,117,901</b>	<b>8.47%</b>	<b>\$6,007,164</b>	<b>8.32%</b>	<b>\$180,000</b>

### The review process

25. In accordance with the operational policies and guidelines, the secretariat screened and prepared technical reviews of the 12 single-country project and programme proposals, and the eight regional project and programme proposals. In performing this review task, the dedicated team of officers 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.

26. 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.

27. 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.18/3/Add.1).

### Issues identified during the review process

28. The current review cycle was the second one during which regional proposals were considered. Interest in this new opportunity continued to be high among accredited MIEs and RIEs.

As during the previous review cycle, a common challenge for many of the proposals was securing the necessary endorsement letters from the Designated Authorities of all the participating countries. While all of the proponents were able to submit the necessary endorsement letters, some expressed frustration due to the requirement. 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.”<sup>5</sup>

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<sup>5</sup> Operational Policies and Guidelines for Parties to Access Resources from the Adaptation Fund (amended in October 2015), paragraph 31.