



ADAPTATION FUND

AFB/PPRC.18-19/1
6 June 2016

Adaptation Fund Board
Project and Programme Review Committee

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

Background

1. At its twenty-third meeting, the Adaptation Fund Board (the Board) discussed a recommendation made by the Project and Programme Review Committee (PPRC) of the Board, on arranging intersessional review of project and programme proposals. Having considered the comments and recommendation of the PPRC, the Board decided to:

- (a) *Arrange one intersessional project/programme review cycle annually, during an intersessional period of 24 weeks or more between two consecutive Board meetings, as outlined in document AFB/PPRC.14/13;*
- (b) *While recognizing that any proposal can be submitted to regular meetings of the Board, require that all first submissions of concepts and fully-developed project/programme documents continue to be considered in regular meetings of the PPRC;*
- (c) *Request the secretariat to review, during such intersessional review cycles, resubmissions of project/programme concepts and fully-developed project/programme documents submitted on time by proponents for consideration during such intersessional review cycles;*
- (d) *Request the PPRC to consider intersessionally the technical review of such proposals as prepared by the secretariat and to make intersessional recommendations to the Board;*
- (e) *Consider such intersessionally reviewed proposals for intersessional approval in accordance with the Rules of Procedure;*
- (f) *Inform implementing entities and other stakeholders about the new arrangement by sending a letter to this effect, and make the calendar of upcoming regular and intersessional review cycles available on the Adaptation Fund website and arrange the first such cycle between the twenty-third and twenty-fourth meetings of the Board;*
- (g) *Request the PPRC to defer to the next Board meeting any matters related to the competencies of the Ethics and Finance Committee that may come up during the intersessional review of projects/programmes and to refrain from making a recommendation on such proposals until the relevant matters are addressed; and*
- (h) *Request the secretariat to present, in the fifteenth meeting of the PPRC, and annually following each intersessional review cycle, an analysis of the intersessional review cycle.*

(Decision B.23/15)

2. At the twenty-fifth Board meeting, the secretariat had requested the Board to consider whether the rules in the intersessional project review cycle could be made more accommodating, with a view to speeding up the process. The Board subsequently decided to:

- (a) *Amend Decision B.23/15 and require that all first submissions of concepts under the two-step approval process and all first submissions of fully-developed project/programme*

documents under the one-step process continue to be considered in regular meetings of the Project and Programme Review Committee (PPRC);

- (b) Request the secretariat to review, during its inter-sessional review cycles:
- (i) First submissions of fully-developed project/programme documents for which the concepts had already been considered in regular meetings of the PPRC and subsequently endorsed by the Board;
 - (ii) Resubmissions of project/programme concepts and resubmissions of fully-developed project/programme documents;
- (c) Request the PPRC to consider intersessionally the technical review of such proposals as prepared by the secretariat and to make intersessional recommendations to the Board;
- (d) Consider such intersessionally reviewed proposals for intersessional approval in accordance with the Rules of Procedure; and
- (e) Inform implementing entities and other stakeholders about the updated arrangement by sending a letter to this effect, and make effective such amendment as of the first day of the review cycle between the twenty-fifth and twenty-sixth meetings of the Board.

(Decision B.25/2)

Project/programme proposals submitted by implementing entities

3. Accredited implementing entities submitted 5 single-country proposals to the secretariat, with the total requested funding amounting to US\$ 38,935,121. Among the proposals was one project concept, with a requested funding of US\$ 9,970,000 and four fully-developed proposals with a total requested funding of US\$ 28,965,121. The proposals included US\$ 2,192,729 or 6.0%¹ in Implementing Entities management fees and US\$ 3,242,520 or 8.8%² in execution costs. No regional project proposals were received to the current review cycle.

4. The National Implementing Entity (NIE) for Antigua and Barbuda, the Antigua and Barbuda Department of Environment (ABED), submitted a project concept. Two NIEs submitted fully-developed project documents for their countries: *Fundación Natura* for Panama, and *Centre de Suivi Ecologique* (CSE) for Senegal. Also two Regional Implementing Entities (RIE) submitted fully-developed project documents: *Banque Ouest Africaine de Développement* (BOAD; West African Development Bank) for Niger, and Sahara and Sahel Observatory (OSS) for Uganda. Details of the single-country proposals are contained in the separate PPRC working documents, as follows:

AFB/PPRC.18-19/2 Proposal for Antigua and Barbuda (ABED)

AFB/PPRC.18-19/2/Add.1 Project Formulation Grant for Antigua and Barbuda (ABED)

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.18-19/3 Proposal for Panama (Fundación Natura)

AFB/PPRC.18-19/4 Proposal for Senegal (CSE)

AFB/PPRC.18-19/5 Proposal for Niger (BOAD)

AFB/PPRC.18-19/6 Proposal for Uganda (OSS)

5. All of the 5 proposal submissions are for regular projects and programmes, i.e. they request funding exceeding US\$ 1,000,000.

6. The average funding requested for the four fully-developed proposals amounts to US\$ 7,241,280, 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\$ 548,182.

7. 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\$ 574,380.

8. 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.

9. The total requested funding for the two fully-developed NIE project documents submitted to the current intersessional review cycle amounts to US\$ 11,303,121, including 7.9% in management fees. The project formulation grant (PFG) request from the NIE for Antigua and Barbuda is 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\$ 118,539,512, which represented 23.5% of the sum of cumulative project/programme funding decisions and funds available to support funding decisions, as at 31 March 2016. If the Board were to decide to approve the fully-developed NIE proposals and the PFG request submitted to this intersessional cycle, the cumulative funding allocation for NIEs would increase to US\$ 129,842,633, which would represent 25.0% of total project/programme funds.

Table: Project proposals submitted to the intersessional review cycle between the twenty-seventh and twenty-eighth Adaptation Fund Board meetings

| Country | IE | Financing requested (USD) | Stage | IE Fee, USD | IE Fee, % | Execution Cost (EC), USD | EC, % of Total |
|---------------------|------------------|---------------------------|----------------------------------|-------------|-----------|--------------------------|----------------|
| Antigua and Barbuda | ABED | \$9,970,000 | Project concept | \$0 | 0% | \$945,000 | 9.48% |
| Panama | Fundacion Natura | \$9,952,121 | Fully-developed project document | \$716,890 | 7.76% | \$801,230 | 8.68% |
| Senegal | CSE | \$1,351,000 | Fully-developed project document | \$105,839 | 8.50% | \$118,290 | 9.50% |

| | | | | | | | |
|--------------|------|---------------------|----------------------------------|--------------------|--------------|--------------------|--------------|
| Niger | BOAD | \$9,911,000 | Fully-developed project document | \$768,000 | 8.40% | \$760,000 | 8.31% |
| Uganda | OSS | \$7,751,000 | Fully-developed project document | \$602,000 | 8.42% | \$618,000 | 8.64% |
| Total | | \$38,935,121 | | \$2,192,729 | 5.97% | \$3,242,520 | 8.83% |

10. 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)

The review process

11. In accordance with the operational policies and guidelines, the secretariat screened and prepared technical reviews of the 5 project and programme proposals.

12. 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.

13. 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.18-19/1/Add.1).

III. ISSUES IDENTIFIED DURING THE REVIEW PROCESS

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