ADAPTATION FUND
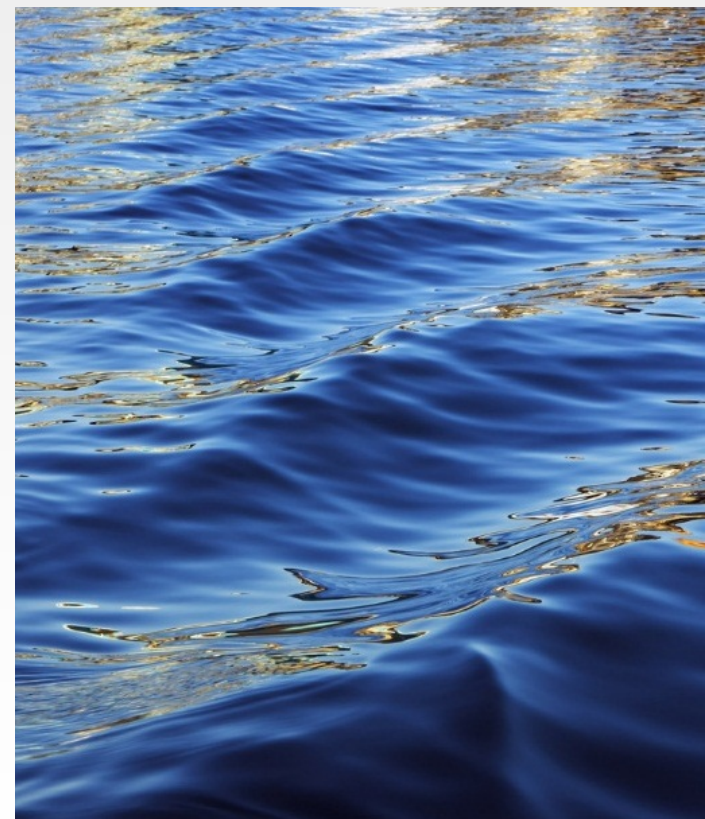
Access to Adaptation Fund resources – Project funding cycle

Climate finance readiness workshop for the Least Developed Countries
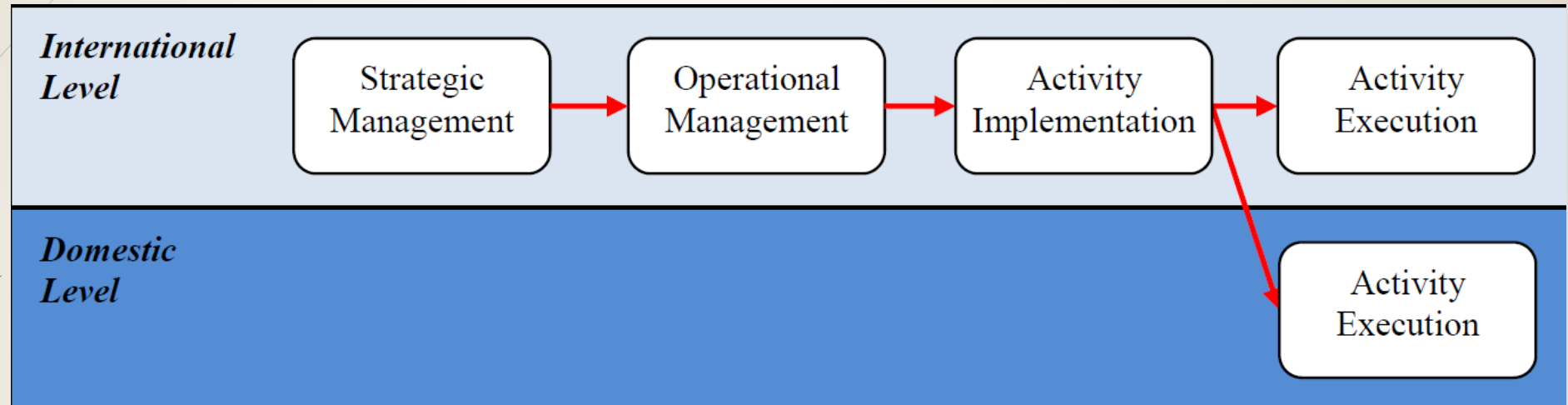**30 May – 1 June 2017, Addis Ababa, Ethiopia**

What to keep in mind – General
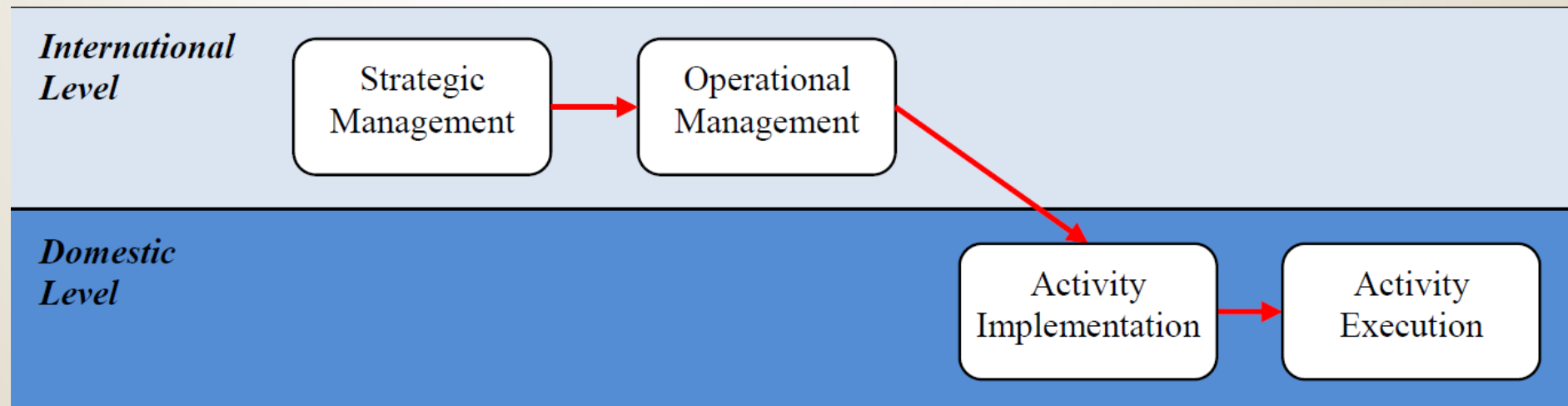
- Concrete activities: visible and tangible impacts

- No prescribed sectors or approaches: country-driven process that accommodates countries' circumstances

- No co-financing requirements

- Total allocation for projects/programmes submitted by MIEs cannot exceed 50% of cumulative resources available in the trust fund

- Currently, there is a country cap of USD 10 million – discussions are underway in the Board on this topic

Access modalities and implication on project responsibilities

Traditional international access

| International Level | Strategic Management → Operational Management → Activity Implementation → Activity Execution |
| Domestic Level | Activity Execution |

Traditional direct access

| International Level | Strategic Management → Operational Management |
| Domestic Level | Activity Implementation → Activity Execution |

What to keep in mind – Role of Implementing Entities
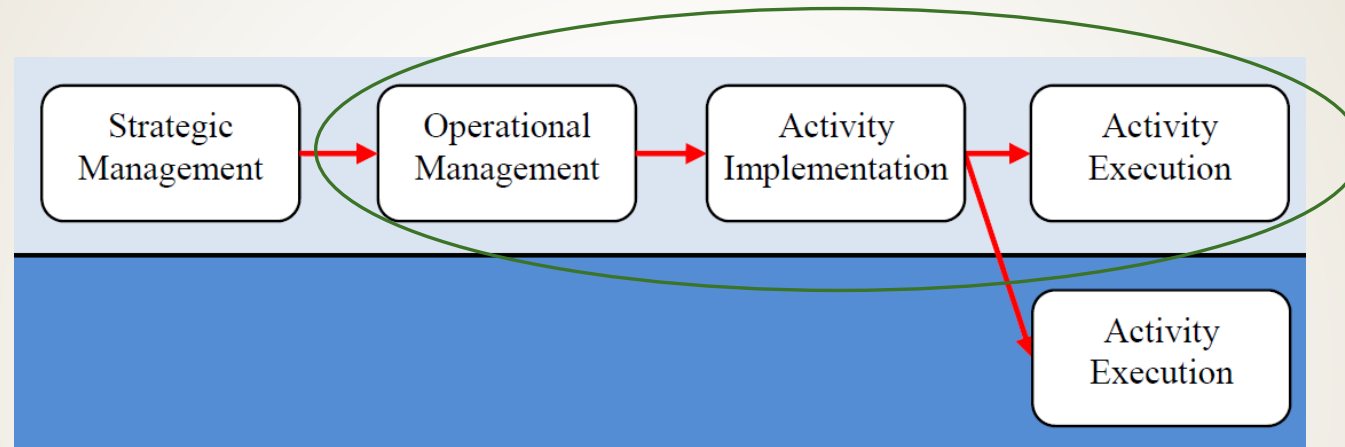
- One that is responsible for the **oversight role** for projects/programmes funded through the Adaptation Fund (AF)
  - The AFB cannot oversee all projects directly, therefore it entrusts this role to IEs
  - The IE will be responsible for all funds received from the AF for a project or programme

What to keep in mind - Designated Authority (DA)

- Responsible for **endorsing** each project/ programme submitted for AF funding from the country

  - Understanding of the needs and priorities

  - Knowledge of adaptation-related and sector strategies and policies

  - Understanding of other adaptation activities taking place (avoidance of duplication)

- OPG: *"The Designated Authority shall confirm that the endorsed project/programme proposal is in accordance with the government's national or regional priorities in implementing adaptation activities to reduce adverse impacts of, and risks posed by, climate change in the country or region."*

Steps from accreditation to implementation
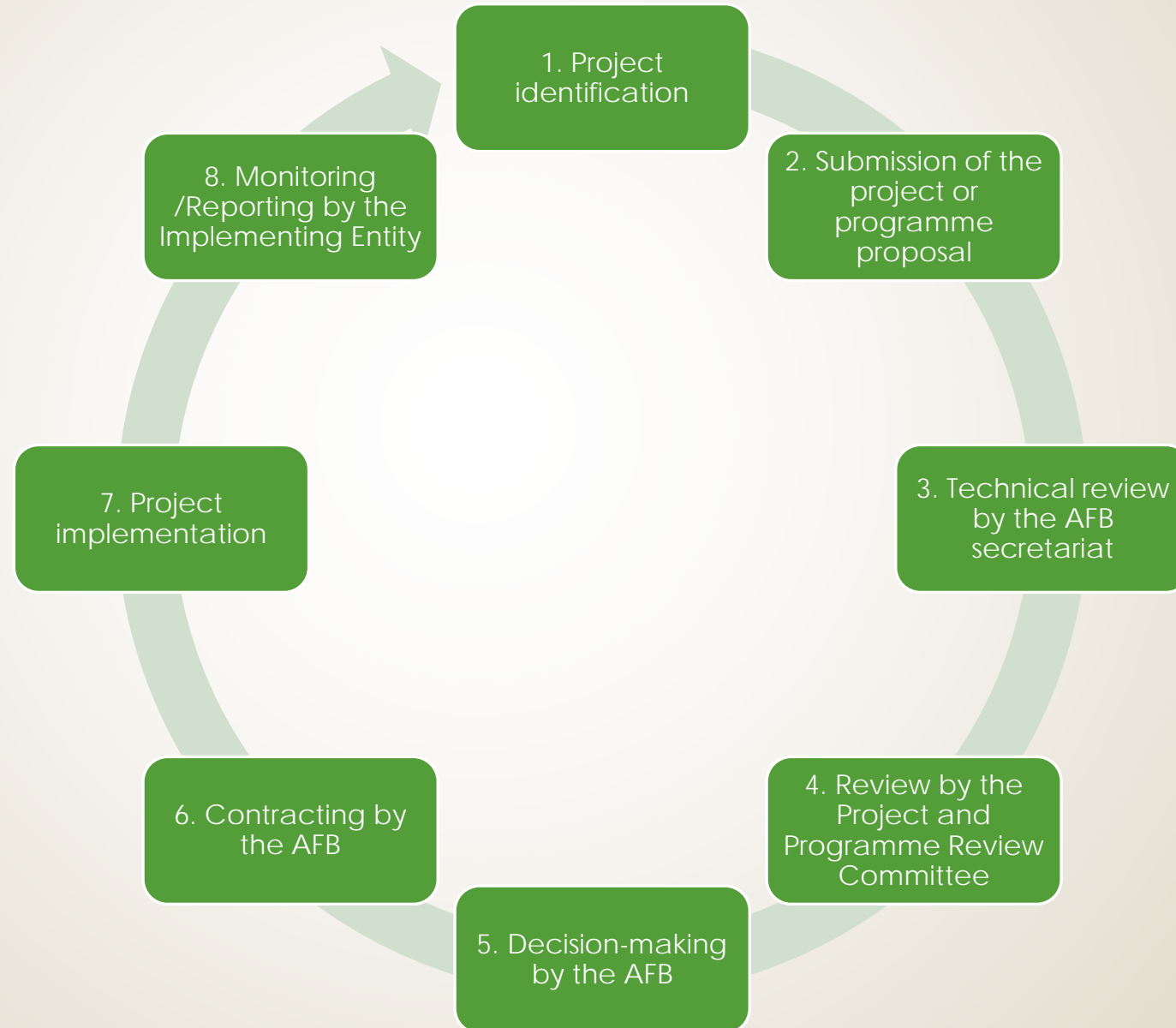
1. Project identification

- NIEs have followed different approaches, e.g.:

  - NIE, together with Designated Authority, **identifies** key national adaptation projects for development

  - NIE opens a **call for proposals**, and best ideas are selected for developing proposals to the AF as **individual projects**

  - NIE opens a **call for proposals**, and best ideas are selected for developing **a programme** to the AF

- Regardless of approach:

  - Consultation is mandatory

  - Project idea has to align with national priorities

- Some NIEs have piloted different sectors, areas

2. Submission of the project or programme proposal

- Implementing entities have to use the **project proposal materials** (including instructions and template for preparing a request for project/programme funding) - available at: https://www.adaptation-fund.org/apply-funding/project-funding/project-proposal-materials/

- Project/programmes proposals (and endorsement letters) are **submitted by implementing entities** to the AFB Secretariat

- Implementing Entities can submit proposals **twice a year**, for consideration at the respective bi-annual Board meetings

- In addition, an **intersessional review cycle** allows certain proposals to be submitted 3 times a year:
  - Resubmissions of concepts + formulation grant requests
  - New submission of full proposal for which the concept had been endorsed
  - Resubmissions of full proposals
  - Delay avoided by proponents with intersessional review: 3 months

3. Technical review by the AFB secretariat

- Once received, proposals are reviewed by the AFB secretariat
- Reviews are done using **review criteria** (incl. ESP/gender policies-related)

Concreteness and appropriateness of activities

Socio-economic and environment benefits

Consistency with national strategies and national technical standards

Cost-Effectiveness & sustainability

Identification and management of risks covered by the ESP

Stakeholder Consultation

Duplication with other funding sources

Implementation arrangements

- Forward the proposals with the technical reviews to the PPRC

4. Review by the Project and Programme Review Committee (PPRC)

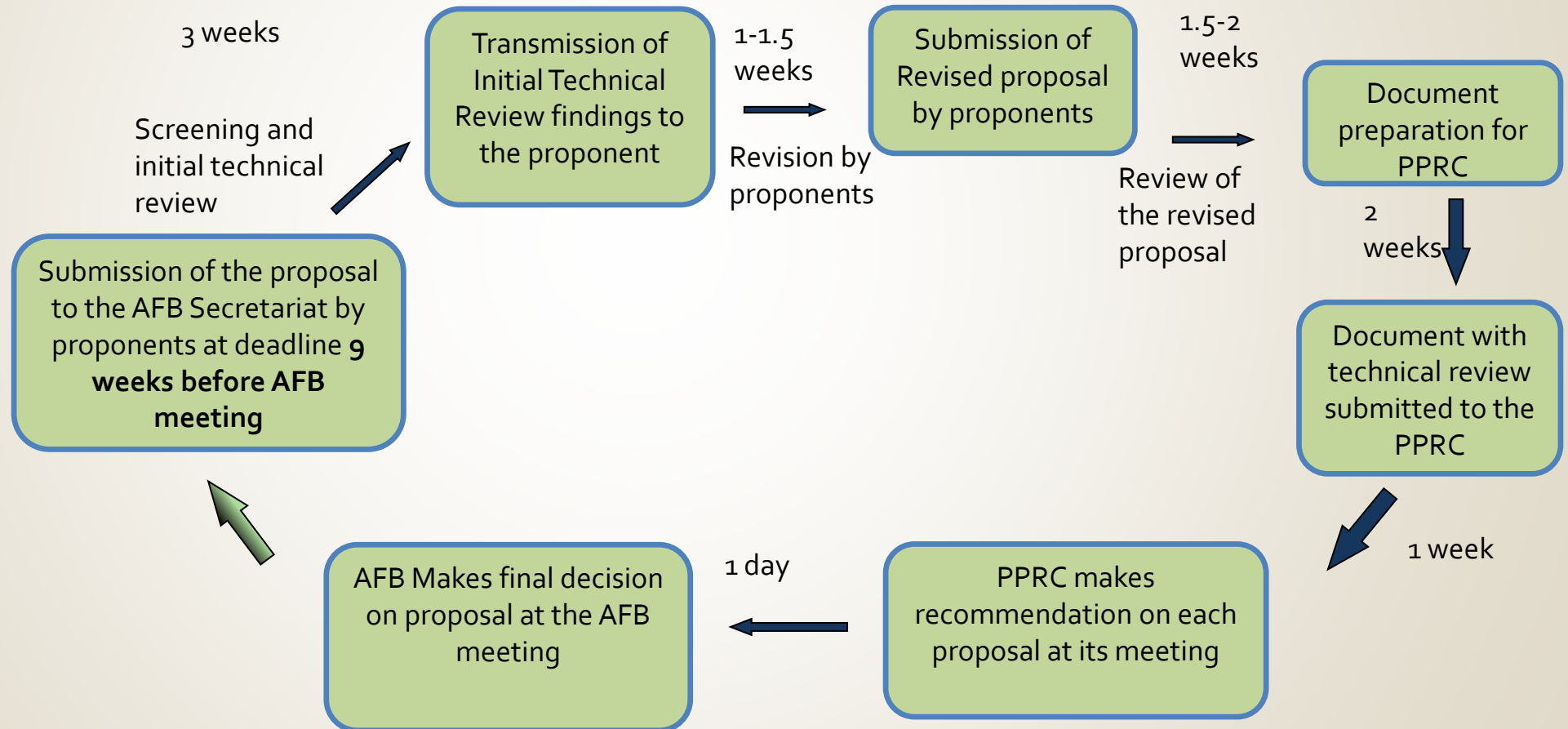- Considers and reviews projects and programmes submitted to the Board, technical reviews prepared by the AFB secretariat, and makes recommendation

5. Decision-making by the AFB

- Takes decision on projects, following recommendation by the PPRC

Timeline of the review process

3 weeks

Screening and initial technical review

Transmission of Initial Technical Review findings to the proponent

1-1.5 weeks

Revision by proponents

Submission of Revised proposal by proponents

1.5-2 weeks

Review of the revised proposal

Document preparation for PPRC

2 weeks

Document with technical review submitted to the PPRC

1 week

Submission of the proposal to the AFB Secretariat by proponents at deadline 9 weeks before AFB meeting

AFB Makes final decision on proposal at the AFB meeting

1 day

PPRC makes recommendation on each proposal at its meeting
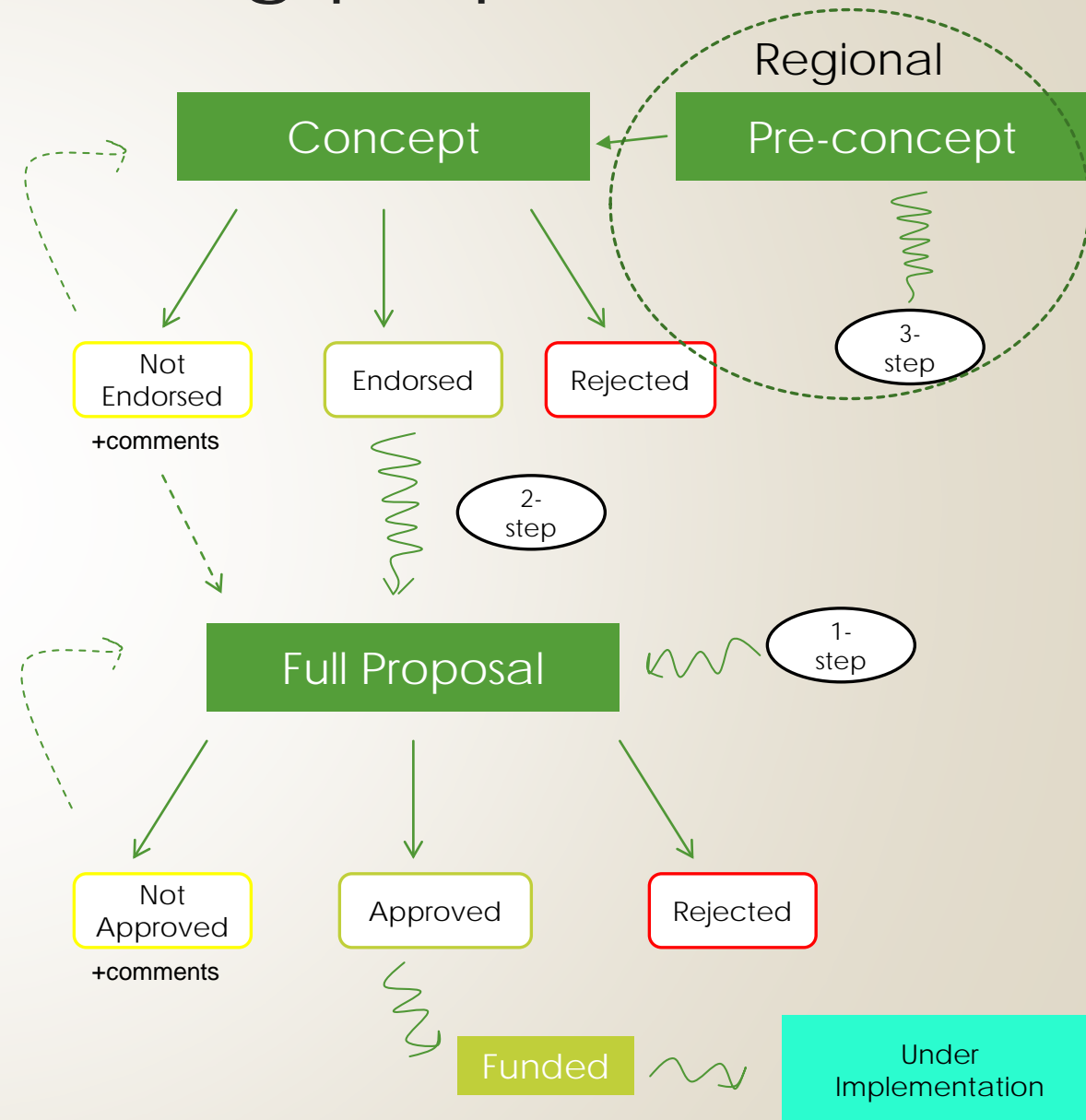
AF process of approving proposals

- For all projects/ programmes (below USD 1M or larger than USD 1M), a choice of a **one step** (full proposal) or **two step** process (concept approval and project/programme document)

- For regional **projects/ programmes**, additional choice of a **three step** process (pre-concept, concept endorsement and project/programme document)

Regional

Concept ← Pre-concept

Not Endorsed
+comments

Endorsed

Rejected

3-step

2-step

1-step

Full Proposal

Not Approved
+comments

Approved

Rejected

Funded

Under Implementation

6. Contracting by the AFB – the agreement

N-AR-2

ADAPTATION FUND

AGREEMENT

(The Enhancing the Adaptive Capacity and Increasing Resilience of Small-scale Agriculture Producers of the Northeast of Argentina Project in Argentina)

between

THE ADAPTATION FUND BOARD

and

UNIDAD PARA EL CAMBIO RURAL (UCAR)

16 April 2013

7. Project implementation

- Role of the **implementing entities**: to administer the AF financing and supervise the project
    - Full responsibility for the overall management of a project or programme financed by the AF

    - Within the project, specific responsibilities may be delegated to Executing Entities (project partners) but IE bears ultimate responsibility of EE actions

    - All financial, monitoring and reporting responsibilities

    - No differentiation between MIE, RIE and NIE

- Role of the **executing entities**: executes and manage day-to-day project operations and activities

7. Project implementation (2)

- Role of the **DA**: Responsible for observing project/programme during implementation
  - Can provide comment and rating of project/programme on an annual basis (in Project Performance Reports)
  - Reviewing mid-term report
  - Ensuring that government continues to endorse
    - The Implementing Entity
    - The project or programme being implemented

  - Eligible to call off project implementation if it ceases to endorse the IE or the project
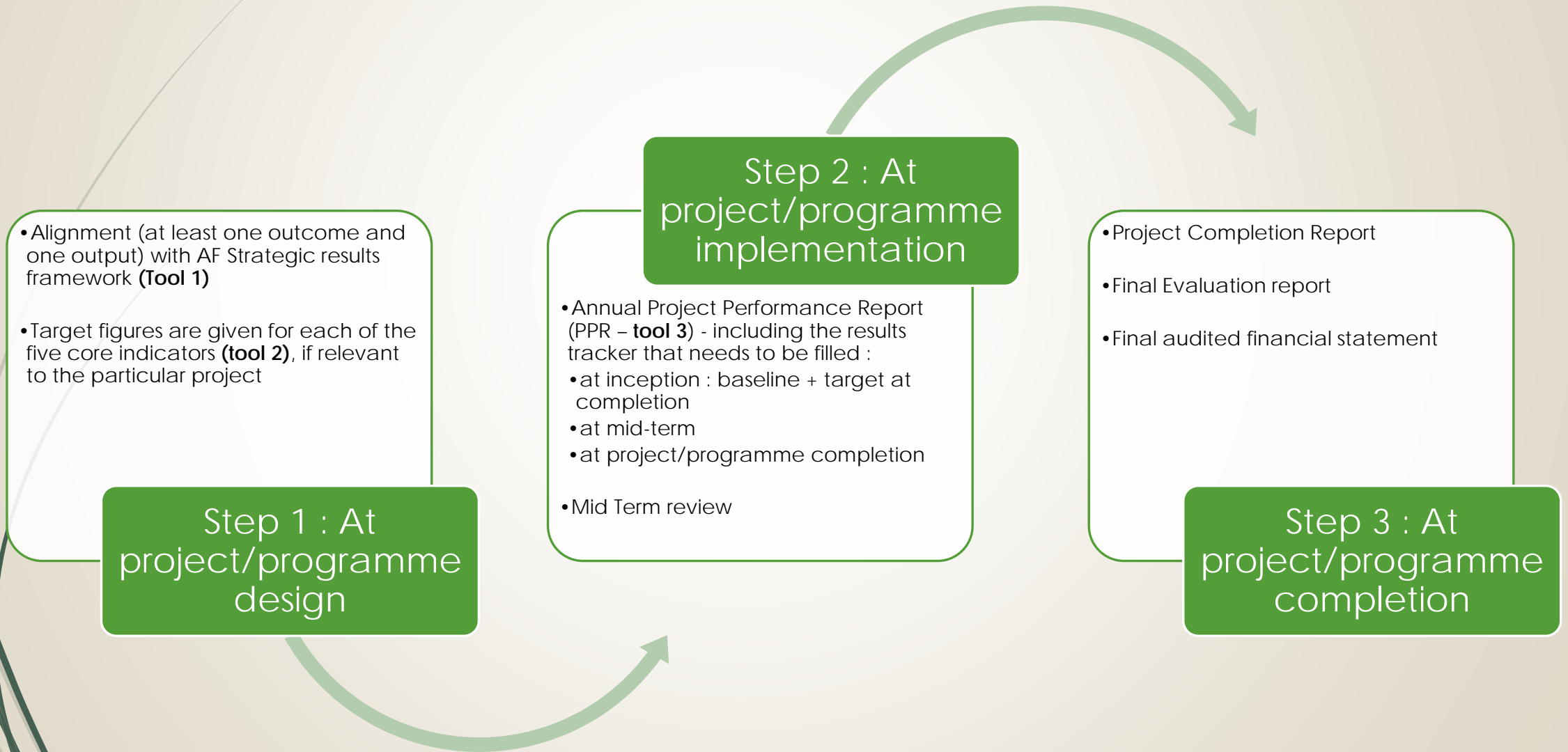
8. Reporting requirements

- **Project Performance Reports:** on an annual basis

- **Project completion report**, including any specific Project implementation information, within six (6) months after Project completion

- **Mid-term review or evaluation report**, for projects of 4 year duration or more

- **Final evaluation report**, prepared by an independent evaluator. Shall be submitted within 9 months after Project completion. Copies of these reports shall be forwarded by the IE to the Designated Authority for information; and

- **Final audited financial statement**, prepared by an independent auditor or evaluation body, within 6 months of the end of the IE's financial year during which the Project is completed

- The reporting process fits into a broaden **Results Based Management** scheme at Fund's level

Policy for projects/programmes delays

- 4 months to sign the standard legal agreement after Board approval. **Risk: cancellation**;

- 6 months from first cash transfer to project start date (inception workshop); **if the IE does not start: notify the secretariat and DA!**

- Project Performance Reports due **no later than 2 months** after the end of the reporting year (project inception date + X year);

- **Request for extension of project completion date** is possible; should be requested **no later than 6 months** before official completion date;

- Extension **can be granted for up to 18 months** (renewable) if no additional funds are required, original scope has not changed and IE provides reasons and justification;

- IE not submitting final evaluation, completion report or audited report may be temporarily non eligible to receive funding from AF.

AF RBM strategy and implications for IEs

Step 1 : At project/programme design

- Alignment (at least one outcome and one output) with AF Strategic results framework **(Tool 1)**

- Target figures are given for each of the five core indicators **(tool 2)**, if relevant to the particular project

Step 2 : At project/programme implementation

- Annual Project Performance Report (PPR – **tool 3**) - including the results tracker that needs to be filled :
- at inception : baseline + target at completion
- at mid-term
- at project/programme completion

- Mid Term review

Step 3 : At project/programme completion

- Project Completion Report

- Final Evaluation report

- Final audited financial statement

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Thanks for listening!
Any questions?