



ADAPTATION FUND

AFB/B.32/10
28 September 2018

Adaptation Fund Board
Thirty-second meeting
Bonn, Germany, 9-12 October 2018

Agenda item 9 b)

PROJECT REVIEW CRITERIA AND APPLICATION FORM FOR PROJECT SCALE-UP GRANTS

Introduction

1. The Adaptation Fund Board Secretariat (the secretariat), at the request of the Adaptation Fund Board (the Board), and under supervision and guidance of the medium-term strategy task force, had prepared a first draft for a medium-term strategy (MTS) during the intersessional period between the twenty-ninth and the thirtieth meetings of the Board. As requested by the Board through decision B.29/39, the first draft was published on the Fund's website for public consultation purposes and was also directly circulated to the Adaptation Fund NGO Network and other stakeholders together with a questionnaire designed to gather and organize feedback.

2. At its thirtieth meeting, the Adaptation Fund Board discussed the draft medium-term strategy, and members of the Board proposed amendments to the document. The secretariat then presented a revised draft, in document AFB/B.31/5/Rev.1. Having considered that document, the Board decided:

- a) *To adopt the medium-term strategy as amended by the Board, as contained in the Annex 1 of the document AFB/B.30/5/Rev.1 (the MTS); and*
- b) *To request the secretariat:*
 - (i) *To broadly disseminate the MTS and work with key stakeholders to build understanding and support;*
 - (ii) *To prepare, under the supervision of the MTS task force, a draft implementation plan for operationalizing the MTS, containing a draft budget and addressing key assumptions and risks, including but not limited to funding and political risks, for consideration by the Board at its thirty-first meeting; and*
 - (iii) *To draft, as part of the implementation plan, the updates/modifications to the operational policies and guidelines of the Adaptation Fund needed to facilitate implementation of the MTS, for consideration by the Board at its thirty-first meeting.*

(Decision B.30/42)

3. Pursuant to decision B.30/42, subparagraph b (ii), the secretariat had prepared a draft implementation plan for the MTS, which was shared with the MTS task force for comments. The draft implementation plan included a general budget for the additional administrative costs expected to be incurred as a result of implementing the plan and suggestions for specific funding windows that could be opened under the MTS in complement of the Fund's existing funding windows for single-country and regional adaptation projects and readiness support projects.

4. At its thirty-first meeting, having considered the draft implementation plan, the Adaptation Fund Board (the Board) decided:

- (a) *To approve the implementation plan for the medium-term strategy for the Fund for 2018–2022 contained in the Annex I to document AFB/B.31/5/Rev.1 (the plan);*
- (b) *To request the secretariat:*
 - (i) *To facilitate the implementation of the plan during the period 2018–2022;*

[...]

- (iii) *To prepare, for each proposed new type of grant and funding window, a specific document containing objectives, review criteria, expected grant sizes, implementation modalities, review process and other relevant features and submit it to the Board for its consideration in accordance with the tentative timeline contained in Annex I to document AFB/B.31/5/Rev.1, with input from the Board's committees;*

[...]

(Decision B.31/32)

Action Pillar

5. The Fund's Medium-term Strategy places emphasis on the quality of concrete activities and long-term capacity strengthening for effective adaptation. The MTS is expected to be implemented under three strategic foci: Action; Innovation; and Learning. As outlined in document AFB/B.31/5/Rev.1, the strategic focus on Action, consists of an objective, expected results (ER) and outcome, and ER3 speaks directly to project scale-up grants as follows:

Objective: Support eligible countries to undertake high quality adaptation projects and programmes consistent with their priority needs, goals and strategies

Expected results:

- *ER1 – Vulnerability reduced, resilience strengthened, and adaptive capacity enhanced. Project/programme beneficiaries' vulnerability to climate variability and change reduced, their resilience strengthened, and adaptive capacity enhanced*
- *ER2 – Institutional capacity strengthened. Long-term capacity of national and regional institutions to implement and execute high quality adaptation projects/programmes strengthened through Fund processes, including accreditation and adaptive management*
- *ER3 – Effective action scaled up. Countries readied to scale up effective projects/programmes with support from other climate funds and finance channels (including private sector)*

Outcome: Eligible countries supported to undertake high-quality adaptation projects/programmes consistent with their development needs, goals and strategies

6. As per document AFB/B.31/5/Rev.1, the size of each project scale-up grant would be US\$ 100,000 per project/programme.

7. In fulfilment of paragraph (b)(iii) of decision B.31/32, this document presents objectives, review criteria, expected grant sizes, implementation modalities, review process and other relevant features of project scale-up grants under the MTS.

Overview of project scale-up grants

8. The Adaptation Fund portfolio of projects is quickly reaching maturity, with 22 concrete projects having submitted mid-term evaluation reports (MTRs) and of these, eight have reached project completion. It should be noted that whilst the Fund's portfolio of concrete projects includes those that have a life-span of less than three years, and which are not required to submit an MTR, some of these shorter-term projects are also nearing completion.

9. At the same time, the niche of the Fund as presented in the MTS, is to finance relatively small-scale “starter” projects, generally up to US\$ 10 million (for single-country projects), and to build the capacities and track records that NIEs require to access significantly higher levels of adaptation finance. Such higher levels of adaptation finance would essentially be expected to come from other sources than the Fund itself. There is therefore a need to support the readiness of implementing entities to multiply proven adaptation efforts in developing countries.

10. The overall goal of project scale-up grants is to increase the readiness of accredited national implementing entities (NIEs) to expand¹ or replicate² quality projects that are based on country needs, views and priorities, in order to reach more people and/or broaden project/programme effectiveness to help vulnerable communities in developing countries adapt to the adverse effects of climate change.

11. The objective of the project scale-up grants is to provide readiness funding to support planning, assessment, capacity enhancement (individual, organization and institutional) for designing and developing scaling up pathways for Adaptation Fund project/programmes under implementation and nearing completion or completed.

12. It is expected that implementation of project/programme scale-up would be funded by various sources, such as other climate funds but also from other finance channels (including private sector).

Eligibility criteria

13. It is proposed that the amount of readiness funding that could be accessed by an NIE be up to a maximum of US\$ 100,000 per project/programme, within the overall funding allocation for such activities, to be decided by the Board. NIEs eligible to receive project scale-up grants are those entities that have tangible achievements on their project/programme with the Fund and are nearing completion as evidenced by the submission of at least two project performance reports (PPR) for projects with a life span of less than 4 years, or a mid-term evaluation/review (MTE/MTR) for projects with a life span of more than 4 years, or have completed implementation as demonstrated by the submission of the project/programme terminal evaluation report .

14. It is proposed that for an NIE to be eligible to receive a project scale-up grant, it must meet all of the below criteria. The NIE:

- (i) Must be an accredited national implementing entity of the Adaptation Fund and have an accreditation status of “Accredited”.
- (ii) Must have, at minimum, completed the medium-term review/evaluation or, for projects with a life span of less than 4 years, have submitted at least two project performance reports (PPR) for the project/programme being proposed for scale up.
- (iii) Must submit together with the application form, a letter of endorsement by the Designated Authority to the Adaptation fund in support of the scale-up grant application.

¹ Expansion in this context refers to extending organizational structures and/or service provision such as geographical expansion or expanding the population reached.

² Replication in this context refers to implementing effective or good practices in other settings. Such practices could be new or innovative ones.

- (iv) Must have identified a potential source, or sources, where the entity could seek funding to scale up the proposed project/programme.

Eligible activities

15. It is expected that the entity's commitment for scaling up the project/programme would be clearly articulated in the submitted application for the project scale-up grant, and that recognizable benefits to vulnerable communities of the proposed project/programme to be scaled-up are also clearly outlined. When completing the grant application, it is proposed that at a minimum, implementing entities should provide information that enables an evidence-based approach to project/programme scale-up, and takes into consideration the assessment of project/programme scalability, research, evaluation and monitoring data to inform the scale-up process

The types of activities that could be funded include, but are not limited to the following options:

- (i) Undertaking an assessment of project/programme scalability (which could include but is not limited to, for example, undertaking technical studies such as vulnerability assessment, feasibility study, socio-economic study, cost effectiveness study etc).
- (ii) Consultation with public and private stakeholders for project/programme scale up.
- (iii) Development and implementation of a scale-up strategy or development of a proposal for funding scaled-up activities.
- (iv) Enhancing individual, organization or institutional capacity for scaling up through attending training, workshops, seminars and/or adapting policies and/or procedures in line with different contexts.

16. It is proposed that implementing entities submit a proposal with detailed information on the proposed activities to the Board following a launch of the readiness grant for project/programme scale-up by the secretariat. The proposed grant application template is included in Annex I to the current document.

Implementation arrangements

17. It is proposed that the accredited NIEs would be responsible for managing the grant and implementation of the project, including management of all aspects of procurement as well as financial and non-financial reporting. However, with due consideration of avoiding additional administrative and financial burden on NIEs to report, and in keeping the reporting burden at a minimum, it is proposed that the reporting requirements be kept simple and straightforward relative to the small size of the grants involved. The NIEs would therefore be expected to submit project monitoring and completion reports as well as financial reports similar in structure and simplicity to current reporting requirements for grants under the readiness programme, which were approved by the Board through decision B.29/42.

18. The secretariat could assess fulfilment of the requirements to access the project scale-up grants using the review criteria outlined in Annex II and undertake a technical assessment of the submitted proposals using the project review template in Annex III to the current document. Following the technical review, the secretariat would submit the project proposal to the Project and Programme Review Committee (PPRC) for their review and recommendation to the Board for decision by the Board.

Results monitoring and assessment of grant effectiveness

19. The Board, through the secretariat, could measure performance of the project scale-up grants annually, and evaluate results mid-way and at the end of the MTS implementation period (2022). To enable this process, it is proposed that a simple results framework is developed for project scale-up grants, providing clear outcomes and indicators of measurement. This approach would be aligned to the Adaptation Fund approach to implementing results-based management (RBM) and signifies an extension of the Fund RBM system to encompass the impact of the project scale-up grants on the MTS and consequently, Fund level goal and objectives.

20. The results framework for project scale-up grants could include outcomes such as: (i) number of projects submitted for funding by other financing institutions; (ii) number of agreements to fund scaling up activities and (iii) number of partnerships and collaborations for project scaling up established. The secretariat could report annually to the Board on performance of the results framework indicators through the annual performance report (APR).

Recommendation

21. The Board may want to consider the proposed approach, application process, review criteria and features of the project scale-up grants contained in document AFB/B.32/9, and decide:

- a) To make available project scale-up grants for national implementing entities between financial year 19 (FY19) and FY23, up to a maximum of US\$ 200,000 per year as direct transfers from the resources of the Adaptation Fund Trust Fund;
- b) To approve:
 - (i) the features and implementation arrangements of the project scale-up grants as contained in document AFB/B.32/9;
 - (ii) the application form, review criteria and review template for the project scale-up grants as contained in Annexes I, II and III of document AFB/B.32/9;
- c) To request the secretariat to issue a call for proposals for project scale-up grants in accordance with the tentative timeline contained in the Annex I to document AFB/B.31/5/Rev.1 and budget pursuant to (a) above;
- d) To request the secretariat to develop and present to the Board at its thirty-third meeting;
 - (i) A standard legal agreement for project scale-up grants
 - (ii) Notification templates for project start and project completion for project scale-up grants
 - (iii) Monitoring and evaluation templates for project scale-up grants
 - (iv) A results framework for project scale-up grants
- e) f) To request the Project and Programme Review Committee (PPRC) to review project scale-up grant proposals and make recommendations to the Board in line with readiness grant approval procedures approved by the Board;
- f) To request the secretariat to report to the Board annually on implementation progress for project scale-up grants through the annual performance report (APR).

ANNEX I: PROJECT SCALE-UP GRANT APPLICATION TEMPLATE**Request for assistance to design and develop scaling up pathways
for Adaptation Fund projects/programmes**

Submission Date:

Adaptation Fund Grant ID:

Country:

Implementing Entity:

Title of Adaptation Fund project/programme to be scaled up:

A. Timeframe of Activity

| | |
|---------------------------------|--|
| Expected start date of activity | |
| Completion date of activity | |

B. Type of support requested

Describe the activities to be undertaken to support planning, assessment, capacity enhancement (individual, organization and institutional) for designing and developing scaling up pathways for the proposed project/programme.

| Types of Activities | Description of proposed activities (please provide short description) | Expected outputs | Tentative timeline (completion date) | Requested budget summary per output* (USD) |
|--|---|------------------|--------------------------------------|--|
| Assessment of project/programme scalability | | | | |
| Development and implementation of a scaling-up strategy/proposal | | | | |
| Consultation with public and private stakeholders for project/programme scale up | | | | |
| Enhancing individual, organization and/or institutional capacity for scaling up | | | | |
| Other type of support requested (please describe) | | | | |

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|--|--|--|--|--|
| Implementing entity management fee requested** | | | | |
| Executing entity costs requested*** | | | | |
| Total Grant Requested (USD) | | | | |

*Please also provide a detailed budget with budget notes, indicating the break-down of costs at the output level. Where an Implementing Entity management fee is requested, the budget must include a budget with budget notes of the Implementing Entity management fee use.

**The Implementing Entity Management Fee requested should be at or below 8.5 per cent of the total project/programme budget before the fee.

***The Project Execution Costs requested should be at or below 1.5 per cent of the total project/programme budget (including the fee).

C. Implementing Entity

This request has been prepared in accordance with the Adaptation Fund Board's procedures

| Head of Implementing Entity | Signature | Date (Month, day, year) | Implementing Entity Contact Person | Telephone | Email Address |
|-----------------------------|-----------|-------------------------|------------------------------------|-----------|---------------|
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D. Record of endorsement on behalf of the government

Provide the name and position of the government official, Designated Authority (DA) of the Adaptation Fund, and indicate date of endorsement. The DA endorsement letter must be attached as an annex to the request.

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| (Enter Name, Position, Ministry) | Date: (Month, day, year) |
| | |

ANNEX II: REVIEW CRITERIA FOR PROJECT SCALE-UP GRANTS

Screening review sheet for project scale-up grants

| Review criteria | Screening questions | Description of screening criteria |
|---|--|---|
| Country eligibility | Has this application been submitted by a national implementing entity from a country Party to the Kyoto Protocol? | As per paragraph 24 of the Fund's Operational Policies and Guidelines, main text document, "The Fund shall finance concrete adaptation projects and programmes in developing country Parties to the Kyoto Protocol that are particularly vulnerable to the adverse effects of climate change". |
| Eligibility of implementing entity | Has this application been submitted through an accredited national implementing entity? | As per Annex 1 of document AFB/B.31/4 approved by the Board through decision B.31/1, only implementing entities that have accreditation status of "Accredited" may receive project funding from the Adaptation Fund. Implementing Entities that have the accreditation status of "In Re-accreditation Process" and "Not Accredited" are not eligible for funding. |
| Project eligibility | Has this application been endorsed by the Designated Authority (DA) of the country? | Endorsement means that a signed letter on an official letterhead by the DA addressed to the Adaptation Fund Board approving the application was submitted. |
| | Has the implementing entity submitted the medium-term review/evaluation or, for projects with a life span of less than 4 years, submitted at least two project performance reports (PPR) for the proposed project/programme to be scaled up? | Projects/programmes that could be scaled up should have submitted the medium-term review/evaluation or, for projects with a life span of less than 4 years, have submitted at least two project performance reports (PPR) for the project/programme being proposed for scale up. Such projects/programmes can draw lessons from the project full cycle to inform scale-up. This enables implementing entities to make use of evidence-based planning, drawing on existing and current data and information. |
| | Is this project justified based on the PPRs, MTR/MTE or terminal evaluation of the proposed project/programme to be scaled-up? | <p>The project should be able to provide a clear description of the benefits of the proposed project/programme scale-up to the most vulnerable communities. It should also be evidence based, drawing on research, evaluation and monitoring data to inform the scale-up process.</p> <p>The overall goal of project scale-up grants is to increase the readiness of accredited national implementing entities (NIEs) to expand or replicate quality projects that are based on country needs, views and priorities, in order to reach more people and/or broaden project/programme effectiveness to help vulnerable communities in developing countries adapt to the adverse effects of climate change</p> |

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| Resource availability | Based on the proposed activities, is the requested budget reasonable? | <p>(i) A reasonable budget should be provided in United States Dollars and is described as one that falls within the USD 100,000 cap per project and provides a summary of the budget breakdown at output level in the application form.</p> <p>(ii) Implementing entities may request an implementing entity management fee at or below 8.5 per cent of the total project budget before the fee.</p> <p>(iii) Whilst it is not expected that implementing entities would have executing entities working on the project scale-up grant, implementing entities may request execution costs at or below 1.5 per cent of the total project budget (including the fee).</p> |
| | Has the implementing entity identified a potential source or sources of funding where the entity could seek funding to scale up the proposed project/programme? | It is expected that implementing entities demonstrate commitment to project scale-up and also put in place measures to ensure continuity of the proposed project to a scaled-up initiative. This could be through both the DA letter of endorsement for the scaling-up application and the identification of a potential source or sources of funding for scaling-up the project/programme. Initial identification and engagement with potential funders provides an affirmation of actual intent and some context for the proposed scaling-up on the part of the implementing entity. |
| Implementation arrangements | Are the proposed activities to develop scaling-up pathways for project/programme scale up adequate? | <p>Adequacy will depend on the level of detail provided under the description of each activity and the logic flow of the overall activities identified in the proposal. At a minimum, the information should be evidenced based and include implementation arrangements that draw on:</p> <ul style="list-style-type: none"> • An evidence-based assessment of project/programme scalability, that uses research, evaluation and monitoring data to inform the scale-up process, and could include undertaking technical studies such as vulnerability assessment, feasibility study, socio-economic study, cost effectiveness study etc. • A scaling-up strategy or proposal. • Stakeholder consultation. • A description of institutional arrangements in place or that would be put in place in preparation for scaling up e.g. updates to policies or manuals to enable project scale-up, capacity building activities such as attending training, workshops, seminars etc, to enhance institutional and individual readiness for scale-up. |
| | Is a detailed budget including budget notes included? | The implementing entity should submit a detailed budget with budget notes indicating the break-down of costs at the activity level as well as any Implementing Entity management fee and execution costs requested. |

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| | Is a budget on the Implementing Entity Management Fee use included? | The implementing entity should also provide a budget indicating how the management fee will be used. |
| | Is a budget for execution costs included? | The implementing entity should provide an explanation and a breakdown of the execution costs. |

ANNEX III: REVIEW TEMPLATE FOR PROJECT SCALE-UP GRANTS

ADAPTATION FUND BOARD SECRETARIAT TECHNICAL REVIEW OF PROJECT PROPOSAL UNDER THE READINESS PROGRAMME

PROJECT CATEGORY: Project Scale-Up Grant

Country:

Implementing Entity:

Requested Financing from Adaptation Fund (US Dollars):

Title of Adaptation Fund project/programme to be scaled up:

Reviewer and contact person:

Co-reviewer(s):

Implementing Entity contact person:

| Review Criteria | Questions | Comments |
|-----------------------|---|----------|
| Country Eligibility | 1. Is the country Party to the Kyoto Protocol? | |
| Eligibility of IE | 1. Is the project submitted through an Implementing Entity accredited by the Board with an accreditation status of "Accredited"? | |
| Project Eligibility | 1. Has the designated government authority for the Adaptation Fund endorsed the project? | |
| | 2. Has the implementing entity submitted a medium-term review/evaluation (MTR/MTE) or for projects/programmes with a life span of less than four years, at least two project performance reports (PPRs) that indicates that activities for the proposed project/programme to be scaled up are nearing completion? ? | |
| | 3. Is the project justified based on the PPRs, MTR/MTE or terminal evaluation of the project/programme that is proposed for scale-up? | |
| Resource Availability | 1. Is the requested project funding within the cap for | |

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| | project scale-up grants set by the Board? | |
| | 2. If the implementing entity has requested, is the Implementing Entity Management Fee at or below 8.5 per cent of the total project budget before the fee? | |
| | 3. If the implementing entity has requested, are the Project/Programme Execution Costs at or below 1.5 per cent of the total project budget (including the fee)? | |
| | 4. Has the implementing entity identified a potential source or sources of funding to scale-up the proposed project/programme? | |
| Implementation Arrangements | 1. Are the proposed activities to develop scaling-up pathways for project/programme scale-up adequate, including at a minimum an evidence-based approach to project/programme scale-up? | |
| | 2. Is a detailed budget including budget notes included? | |
| | 3. If an implementing entity management fee has been requested, is a budget on the implementing entity management fee use included? | |
| | 4. If execution costs have been requested, is an explanation and a breakdown of the execution costs included? | |
| Secretariat's Overall Comment | | |
| Date: | | |