



ADAPTATION FUND

AFB/PPRC.24/37
27, February 2019

Adaptation Fund Board
Project and Programme Review Committee
Twenty-Third Meeting
Bonn, Germany, 12-13 March, 2019

Agenda Item 10 e)

PROPOSAL FOR MADAGASCAR, MALAWI, MOZAMBIQUE, UNION OF THE COMOROS

Background

1. The strategic priorities, policies and guidelines of the Adaptation Fund (the Fund), as well as its operational policies and guidelines include provisions for funding projects and programmes at the regional, i.e. transnational level. However, the Fund has thus far not funded such projects and programmes.

2. The Adaptation Fund Board (the Board), as well as its Project and Programme Review Committee (PPRC) and Ethics and Finance Committee (EFC) considered issues related to regional projects and programmes on a number of occasions between the Board's fourteenth and twenty-first meetings but the Board did not make decisions for the purpose of inviting proposals for such projects. Indeed, in its fourteenth meeting, the Board decided to:

- (c) Request the secretariat to send a letter to any accredited regional implementing entities informing them that they could present a country project/programme but not a regional project/programme until a decision had been taken by the Board, and that they would be provided with further information pursuant to that decision*

(Decision B.14/25 (c))

3. At its eighth meeting in March 2012, the PPRC came up with recommendations on certain definitions related to regional projects and programmes. However, as the subsequent seventeenth Board meeting took a different strategic approach to the overall question of regional projects and programmes, these PPRC recommendations were not included in a Board decision.

4. At its twenty-fourth meeting, the Board heard a presentation from the coordinator of the working group set up by decision B.17/20 and tasked with following up on the issue of regional projects and programmes. She circulated a recommendation prepared by the working group, for the consideration by the Board, and the Board decided:

- (a) To initiate steps to launch a pilot programme on regional projects and programmes, not to exceed US\$ 30 million;*
- (b) That the pilot programme on regional projects and programmes will be outside of the consideration of the 50 per cent cap on multilateral implementing entities (MIEs) and the country cap;*
- (c) That regional implementing entities (RIEs) and MIEs that partner with national implementing entities (NIEs) or other national institutions would be eligible for this pilot programme, and*

(d) To request the secretariat to prepare for the consideration of the Board, before the twenty-fifth meeting of the Board or intersessionally, under the guidance of the working group set up under decision B.17/20, a proposal for such a pilot programme based on consultations with contributors, MIEs, RIEs, the Adaptation Committee, the Climate Technology Centre and Network (CTCN), the Least Developed Countries Expert Group (LEG), and other relevant bodies, as appropriate, and in that proposal make a recommendation on possible options on approaches, procedures and priority areas for the implementation of the pilot programme.

(Decision B.24/30)

5. The proposal requested under (d) of the decision above was prepared by the secretariat and submitted to the Board in its twenty-fifth meeting, and the Board 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; and

(d) Request the secretariat to continue discussions with the Climate Technology Center and Network (CTCN) towards operationalizing, during the implementation of the pilot programme on regional projects and programmes, the Synergy Option 2 on knowledge management proposed by CTCN and included in Annex III of the document AFB/B.25/6/Rev.2.

(Decision B.25/28)

6. Based on the Board Decision B.25/28, the first call for regional project and programme proposals was issued and an invitation letter to eligible Parties to submit project and programme proposals to the Fund was sent out on 5 May 2015.

7. At its twenty-sixth meeting the Board decided *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 Board at its 27th meeting, bearing in mind the cap established by Decision B.25/26.*

(Decision B.26/3)

8. At its twenty-seventh meeting the Board decided to:
- (a) *Continue consideration of regional project and programme proposals under the pilot programme, while reminding the implementing entities that the amount set aside for the pilot programme is US\$ 30 million;*
 - (b) *Request the secretariat to prepare for consideration by the Project and Programme Review Committee at its nineteenth meeting, a proposal for prioritization among regional project/programme proposals, including for awarding project formulation grants, and for establishment of a pipeline; and*
 - (c) *Consider the matter of the pilot programme for regional projects and programmes at its twenty-eighth meeting.*

(Decision B.27/5)

9. The proposal requested in (b) above was presented to the nineteenth meeting of the PPRC as document AFB/PPRC.19/5. The Board subsequently decided:

- a) *With regard to the pilot programme approved by decision B.25/28:*
 - (i) *To prioritize the four projects and 10 project formulation grants as follows:*
 - 1. *If the proposals recommended to be funded in a given meeting of the PPRC do not exceed the available slots under the pilot programme, all those proposals would be submitted to the Board for funding;*
 - 2. *If the proposals recommended to be funded in a given meeting of the PPRC do exceed the available slots under the pilot programme, the proposals to be funded under the pilot programme would be prioritized so that the total number of projects and project formulation grants (PFGs) under the programme maximizes the total diversity of projects/PFGs. This would be done using a three-tier prioritization system: so that the proposals in relatively less funded sectors would be prioritized as the first level of prioritization. If there are more than one proposal in the same sector: the proposals in relatively less funded regions are prioritized as the second level of prioritization. If there are more than one proposal in the same region, the proposals submitted by relatively less represented implementing entity would be prioritized as the third level of prioritization;*
 - (ii) *To request the secretariat to report on the progress and experiences of the pilot programme to the PPRC at its twenty-third meeting; and*

b) With regard to financing regional proposals beyond the pilot programme referred to above:

(i) *To continue considering regional proposals for funding, within the two categories originally described in document AFB/B.25/6/Rev.2: ones requesting up to US\$ 14 million, and others requesting up to US\$ 5 million, subject to review of the regional programme;*

(ii) *To establish two pipelines for technically cleared regional proposals: one for proposals up to US\$ 14 million and the other for proposals up to US\$ 5 million, and place any technically cleared regional proposals, in those pipelines, in the order described in decision B.17/19 (their date of recommendation by the PPRC, their submission date, their lower “net” cost); and*

(iii) *To fund projects from the two pipelines, using funds available for the respective types of implementing entities, so that the maximum number of or maximum total funding for projects and project formulation grants to be approved each fiscal year will be outlined at the time of approving the annual work plan of the Board.*

(Decision B.28/1)

10. At its thirty-first meeting, having considered the comments and recommendation of the Project and Programme Review Committee, the Adaptation Fund Board (the Board) decided:

(a) *To merge the two pipelines for technically cleared regional proposals established in decision B.28/1(b)(ii), so that starting in fiscal year 2019 the provisional amount of funding for regional proposals would be allocated without distinction between the two categories originally described in document AFB/B.25/6/Rev.2, and that the funding of regional proposals would be established on a ‘first come, first served’ basis; and*

(b) *To include in its work programme for fiscal year 2019 provision of an amount of US\$ 60 million for the funding of regional project and programme proposals, as follows:*

(i) *Up to US\$ 59 million to be used for funding regional project and programme proposals in the two categories of regional projects and programmes: ones requesting up to US \$14 million, and others requesting up to US\$ 5 million; and*

(ii) *Up to US\$ 1 million for funding project formulation grant requests for preparing regional project and programme concepts or fully-developed project and programme documents.*

(Decision B.31/3)

11. According to the Board Decision B.12/10, a project or programme proposal needs to be received by the secretariat no less than nine weeks before a Board meeting, in order to be considered by the Board in that meeting.

12. The following fully-developed project document titled “Building urban climate resilience in south-eastern Africa” was submitted for Madagascar, Malawi, Mozambique and Union of the Comoros by the United Nations Human Settlements Programme (UN-Habitat), which is a Multilateral Implementing Entity of the Adaptation Fund.

13. This is the second submission of the regional fully-developed project proposal using the three-step submission process. It was first submitted in the twenty-seventh meeting and was not endorsed by the Board.

14. It was resubmitted intersessionally between the thirty-first and thirty-second meeting as a fully-developed project and the Board decided:

(a) Not approve the fully-developed project;

(b) To request the secretariat to transmit to the United Nations Human Settlements Programme (UN-Habitat) the observations in the review sheet annexed to the notification of the Board’s decision, as well as the following recommendations for the fully-developed proposal concept stage:

(i) Marginalized and vulnerable groups need to be adequately identified and described, few specifics are provided, and quantitative information is absent;

(ii) Changes to project activities are subject to the established process with the AF Secretariat, as should be unambiguous in the project document;

(iii) All ESP risks should be identified comprehensively prior to project submission, and management measures identified; and

(iv) The information among the main document and annexes need to be consistent; and

(c) To encourage the Governments of Madagascar, Malawi, Mozambique and the Union of Comoros through UN-Habitat, a project concept that addresses the observations under subparagraph (b) above.

(Decision B.31-32/19)

15. The current submission was received by the secretariat in time to be considered in the thirty-third Board meeting. The secretariat carried out a technical review of the project proposal, with the diary number AFR/MIE/DRR/2016/1, and completed a review sheet.

16. In accordance with a request to the secretariat made by the Board in its 10th meeting, the secretariat shared this review sheet with UN-Habitat, and offered it the opportunity of providing responses before the review sheet was sent to the PPRC.

17. The secretariat is submitting to the PPRC the summary and, pursuant to decision B.17/15, the final technical review of the project, both prepared by the secretariat, along with the final submission of the proposal in the following section. In accordance with decision B.25.15, the proposal is submitted with changes between the initial submission and the revised version highlighted.

Project Summary

Madagascar, Malawi, Mozambique, Union of the Comoros – Building urban climate resilience in south-eastern Africa

Implementing Entity: United Nations Human Settlements Programme (UN-Habitat)

Project Execution Cost: 1,119,252 USD

Total Project Cost: 12,900,851 USD

Implementing Fee: 1,096,572 USD

Financing Requested: 13,997,423 USD

Project Background and Context

The present project will strengthen urban climate resilience by working with various levels of government and stakeholders and ensuring strong participation, of the most vulnerable groups, in all its phases – from conception to evaluation. Four countries were selected where the main activities are expected to take place: Madagascar, Malawi, Mozambique and Union of Comoros. They are in the south-eastern part of the African continent, which is a region very vulnerable to common transboundary extreme climate-related events, cyclones, floods, sea level rise/coastal erosion and drought.

The project has two objectives, namely to develop capacities and establish conditions to adapt to the adverse effects of climate change in vulnerable cities and to promote inter-country experience sharing and cross-fertilization regarding the adaptation to transboundary climate-related natural hazards and disseminate lessons learned for progressively building urban climate resilience in south-eastern Africa.

Component 1: Preparation, implementation and sustainable management of priority sub-projects at the city level (USD 10,491,599)

This component includes preparation, implementation and sustainable management of priority sub-projects at the city level in the four countries. Municipal staff, communities and local stakeholders will plan and implement priority sub-projects for increasing the climate resilience of their city and will acquire the required capacity to manage and maintain the realized investments.

Component 2: Tools and guidelines development and training delivery at the national level (USD 760,000)

National governments will create enabling conditions for scaling up and replicating the same climate resilience approach in other urban settlements.

Component 3: Inter-country experience sharing, cross-fertilization and dissemination of lessons learned at the regional level (USD 530,000)

Local and national governments of the four countries will learn from each other good urban climate adaptation practices and will be better prepared to face common transboundary climate-related natural hazards.

