



ADAPTATION FUND

AFB/PPRC.25/3
30 September 2019

Adaptation Fund Board
Project and Programme Review Committee
Twenty-fifth Meeting
Bonn, Germany, 7-9 October, 2019

Agenda Item 3

**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. At 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; [...]

(Decision B.17/19)

5. According to the latest Financial Report prepared by the Trustee as of 30 June 2019 (AFB/EFC.25/7), the cumulative funding decisions for projects/programmes submitted by MIEs amounted to US\$ 317.57 million, and the cumulative funding decisions for all projects/programmes amounted to US\$ 619.05 million. Funds available to support AF Board funding decisions amounted to US\$ 265.06 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\$ 124.48 million.

Funding Window for Regional Projects and Programmes

6. Since its inception and until March 2017, the Adaptation Fund Board had only approved projects and programmes implemented in individual countries. At 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)

7. 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 (RIEs) accredited by the Board.

8. The Board 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)

9. The Board considered, at its twenty-seventh meeting, at its twenty-seventh meeting, issues related to the pilot programme on regional projects and programmes and 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)

10. 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 regards 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)

11. At its thirty-first meeting, the Board subsequently 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)

12. The total amount funded for regional projects and programmes in the fiscal year 2019 to-date is US\$ 45,830,400, and US\$ 417,174 in project formulation grant requests for preparing regional projects and programmes.

13. At the present meeting the secretariat again received proposals for regional projects and programmes as encouraged by Decision B.26/3, and as observed in Decisions B.27/5 and B.31/3, and reviewed them, as explained below.

Project/programme proposals submitted by implementing entities: single-country proposals

14. Accredited implementing entities submitted 22 single-country project proposals to the secretariat, with the total requested funding amounting to US\$ 118,543,130. Of these, 20, totaling US\$ 113,178,996, were found to be complete and could proceed through the project review cycle. These proposals included US\$ 8,702,146 or an average of 7.78%¹ in Implementing Entities management fees and US\$ 8,259,081 or an average of 9.05%² in execution costs.

15. Of these, nine are fully-developed project documents, while the other eleven single-country proposals are concept note documents. The projects were submitted by National Implementing Entities (NIE) for Belize, Indonesia, Namibia and the United Republic of Tanzania. Proposals for El Salvador, Iran (Islamic Republic of), Turkmenistan were submitted by the United Nations Development Programme (UNDP); Pakistan, Viet Nam by United Nations Human Settlements Programme (UN-Habitat); Georgia, Republic of Moldova, Tunisia, Kyrgyzstan and by International Fund for Agriculture and Development (IFAD); Congo, Malawi, Gambia (Republic of The) by World Food Programme (WFP). Details of the single-country proposals are contained in the separate PPRC working documents, as per Table 1, below.

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

17. The 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

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.

same Decision B.11/16, all proponents of fully-developed project documents provide a budget on fee use.

18. All proposals are in compliance with Board Decision B.13/17 to cap execution costs at 9.5% of the project/programme budget.

19. 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.

Table 1. Single-country Proposals

PPRC Document number	Country
AFB/PPRC.25/4	Congo
AFB/PPRC.25/5	Georgia
AFB/PPRC.25/6	El Salvador
AFB/PPRC.25/7	Iran (Islamic Republic of)
AFB/PPRC.25/8	Malawi
AFB/PPRC.25/9	Republic of Moldova
AFB/PPRC.25/10	Pakistan
AFB/PPRC.25/11	Tunisia
AFB/PPRC.25/12	Turkmenistan
AFB/PPRC.25/15	Belize
AFB/PPRC.25/13	Indonesia (1)
AFB/PPRC.25/16	Indonesia (2)
AFB/PPRC.25/17	Indonesia (3)
AFB/PPRC.25/18	Indonesia (4)
AFB/PPRC.25/14	Indonesia (5)
AFB/PPRC.25/19	Namibia
AFB/PPRC.25/20	United Republic of Tanzania
AFB/PPRC.25/21	Gambia (Republic of The)
AFB/PPRC.25/22	Kyrgyzstan
AFB/PPRC.25/23	Viet Nam

Project/programme proposals submitted by implementing entities: regional proposals

20. Accredited MIEs submitted to the secretariat nine proposals for regional projects and programmes, totaling US\$ 78,947,815. All nine, were found to be complete and could proceed through the project review cycle. Among the proposals were four fully-developed project proposals with a total requested funding of US\$ 34,055,190, one concept of US\$ 4,898,775 and four pre-concepts of US\$ 53,839,850. The requested funding for the regional projects included US\$

4,307,850 in Implementing Entities' management fees, or 7.58%, on average, and US\$ 4,268,000 or 7.30%, on average, in execution costs.

21. The fully-developed project documents were submitted by the Sahara and Sahel Observatory (OSS), UNDP, United Nations Humans Settlements Programme, UN Environment and United Nations Educational, Scientific, and Cultural Organization (UNESCO). UNESCO also submitted a regional concept, and OSS and UN-Habitat also submitted pre-concepts. Details of the regional proposals are contained in the separate PPRC working documents, as follows:

Table 2. Regional Proposals

PPRC Document number	Region/Countries
AFB/PPRC.25/24	Djibouti, Kenya, Sudan, Uganda
AFB/PPRC.25/25	Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan
AFB/PPRC.25/26	Georgia, Armenia
AFB/PPRC.25/27	Thailand, Viet Nam
AFB/PPRC.25/28	Cambodia, Lao (People's Democratic Republic of), Myanmar, Thailand, Viet Nam
AFB/PPRC.25/29	Angola, Namibia
AFB/PPRC.25/30	Benin, Burkina Faso, Côte d'Ivoire, Gambia (Republic of The), Ghana, Guinea, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, Togo
AFB/PPRC.25/31	Antigua and Barbuda, Dominica, Saint Lucia
AFB/PPRC.25/231	Azerbaijan, Iran (Islamic Republic of)

The review process

22. In accordance with the operational policies and guidelines, the secretariat screened and prepared technical reviews of the each of the thirty-one project and programme proposals that were initially submitted. Of these, twenty-nine met the requirements for undergoing a complete technical review.

23. 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, however, the

process took longer. The Implementing Entities were offered the opportunity to discuss the initial review findings with the secretariat by telephone.

24. The secretariat subsequently reviewed the resubmissions that IEs' responses to the clarification requests, and compiled comments and recommendations that are presented in the addendum to this document (AFB/PPRC.25/3/Add.1).

III. ISSUES IDENTIFIED DURING THE REVIEW PROCESS

Change of Project Proposal Stage Mid-review

25. During the current projects and programmes review cycle, the secretariat reviewed and technically cleared a project concept proposal submitted by UNESCO titled "Groundwater resources in the Greater Mekong Subregion: Collaborative management to increase climate change resilience" for Cambodia, Lao People's Democratic Republic, Myanmar, Thailand and Viet Nam.

26. The project was initially submitted as a fully-developed proposal. Previously, the project was endorsed as a pre-concept at the twenty-eighth Board meeting. Subsequently, the proposal was submitted as a fully-developed project document, thus skipping the project concept proposal stage.

27. A few major concerns were identified during the initial technical review that prompted a need for substantive revision of the project document. These related to the fact that the fully-developed proposal was submitted last at the thirtieth meeting rendering community level consultations carried out in 2015 and 2016 obsolete. Furthermore, the technical review found over 90 percent of project activities to be mainly focused on soft activities such as research, capacity building, ground water management information systems and, creation and dissemination of information through regional networks. In this respect, the proposal failed to demonstrate a good balance between soft and concrete measures and how the proposed soft measures would complement concrete interventions for sustainable groundwater management. The other issues raised related to compliance with the Fund's Environmental and Social Policy (ESP) and Gender Policy (GP). Finally, the findings presented in the risk table did not consider the yet unknown specific concrete activities that will be implemented in the four regional pilots, pre-empting effective risk identification.

28. Following the substantive comments received by the secretariat during the initial technical review, the proponent chose to resubmit the project document as a concept note along with a PFG request, which was the first time a PFG had been requested for the project. The justification provided was that the PFG would allow the proponent to address the substantive comments received. Currently, there appears to be no specific policy concerning this kind of situation.

Change of Implementing Entity Accreditation Status Mid-review

29. During the current projects and programmes review cycle, the secretariat received a new project concept proposal from a NIE. At the time of submission, the NIE was accredited, however, during the review cycle, its accreditation lapsed (i.e. status changed to "in re-accreditation process" where the NIE submitted its re-accreditation application before its accreditation expiry but has not achieved re-accreditation as of the date of the review).

30. Given that the project concept proposal would not require the Board to consider a funding decision (i.e. setting aside or allocating funding for the project), the secretariat carried out a technical review of the project concept proposal. However, currently there appears to be a lack of clarity concerning eligibility of proposals not seeking a funding decision (i.e. at pre-concept or concept stage) to be considered by the Board even if the accreditation of the IE is yet to be renewed at the time of its consideration.

31. The project concept proposal also included a PFG and a Project Formulation Assistance (PFA) grant request. In line with the Fund's Operational Policies and Guidelines (OPG) and the Fund's re-accreditation process approved by Decision B.22/3 and amended by Decision B.31/1, the Board considers the proposals for funding submitted by the IE only if the IE's accreditation is valid at the time of its consideration. Therefore, it appears that, under the current policy, the PFG and PFA grant requests are not eligible for the consideration by the Board.

Annex I: Table: Project proposals submitted to the regular review cycle for consideration at the thirty-fourth Adaptation Fund Board meeting

1. Full Proposals: Single-country	Country	IE	Grant Size, USD	IE Fee, USD	IE Fee %	Execution Cost, USD	EC %
MIE							
	Congo	WFP	9,999,909	783,403	8.50%	852,775	9.25%
	Georgia	IFAD	4,644,794	317,876	7.35%	364,727	8.43%
	El Salvador	UNDP	8,484,502.92	664,684.56	8.50%	623,900	7.98%
	Iran	UNDP	9,865,653	772,885	8.50%	608,591	6.69%
	Malawi	WFP	9,989,335	782,575	8.50%	798,760	8.68%
	Moldova	IFAD	6,008,095	470,680	8.50%	214,677	3.88%
	Pakistan	UN-Habitat	6,094,000	477,410	8.50%	533,576	9.50%
	Tunisia	IFAD	9,997,190	783,190	8.50%	530,067	5.75%
	Turkmenistan	UNDP	7,000,040	548,390	8.50%	559,000	8.66%
Sub-total, USD			72,083,519	5,601,094		5,086,073	
2. Concepts: Single-country	Country	IE	Grant Size, USD	IE Fee, USD	IE Fee %	Execution Cost, USD	EC %
NIE							
	Belize	PACT	4,000,000	313,364	8.50%	350,230	9.50%
	Indonesia (1)	Kemitraan	801,259.00	57,729.90	7.76%	64,521.65	8.68%
	Indonesia (2)	Kemitraan	1,048,636	82,151	8.50%	91,816	9.50%
	Indonesia (3)	Kemitraan	1,125,052	36,329	3.34%	106,800	9.81%
	Indonesia (4)	Kemitraan	1,000,000	85,000	9.29%	86,925	9.50%
	Indonesia (5)	Kemitraan	710,000		0.00%	85,000	11.97%
	Namibia	DRFN	4,998,000	391,548	8.50%	437,613	9.50%
	Tanzania	NEMC	1,000,000	72,000	7.76%	80,400	8.66%
MIE							
	Gambia	WFP	9,999,984	783,409	8.50%	875,575	9.50%
	Kyrgyzstan	IFAD	9,985,526	782,276	8.50%	438,250	4.76%
	Vietnam	UN-Habitat	6,347,190	497,245	8.50%	555,877	9.50%
Sub-total, USD			41,015,647	3,101,052		3,173,008	

3. Project Formulation Grants (PFG) / Project Formulation Assistance (PFA): Single-country	Country	IE	Grant Size, USD	IE Fee, USD	IE Fee %	Execution Cost, USD	EC %
NIE							
PFG	Belize	PACT	29,830				
PFA	Belize	PACT	20,000				
	Tanzania	NEMC	30,000				
Sub-total, USD			79,830				

4. Full Proposals: Regional	Region/Countries	IE	Grant Size, USD	IE Fee, USD	IE Fee %	Execution Cost, USD	EC %
RIE							
	Djibouti, Kenya, Sudan, Uganda	OSS	13,079,540	1,024,660	8.50%	1,045,860	8.68%
MIE							
	Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan	UNESCO	6,500,000	481,481	8.00%	396,019	6.58%
	Georgia, Armenia	UNDP	7,475,650	585,650	8.50%	413,550	6.00%
	Thailand, Viet Nam	UN Environment	7,000,000	548,388	8.50%	612,903	9.50%
Sub-total, USD			34,055,190	2,640,179		2,468,332	
5. Concepts: Regional	Region/Countries	IE	Grant Size, USD	IE Fee, USD	IE Fee %	Execution Cost, USD	EC %
MIE							
	Cambodia, Lao, Myanmar, Thailand, Viet Nam	UNESCO	4,898,775	341,775	7.50%	357,000	7.83%
Sub-total, USD			4,898,775	341,775		357,000	

6. Project Formulation Grants: Regional Concepts	Region/Countries	IE	Grant Size, USD	IE Fee, USD	IE Fee %	Execution Cost, USD	EC %
MIE							
	Cambodia, Lao, Myanmar, Thailand, Vietnam	UNESCO	80,000				
<i>Sub-total, USD</i>			80,000	-	-	-	-
7. Pre-concepts: Regional	Region/Countries	IE	Grant Size, USD	IE Fee, USD	IE Fee %	Execution Cost, USD	EC %
RIE							
	Angola, Namibia	OSS	11,878,580	930,580	8.50%	874,000	7.98%
	Benin, Burkina Faso, Côte d'Ivoire, Gambia, Ghana, Guinea, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, Togo	OSS	13,955,270	1,093,270	8.50%	1,062,000	8.26%
MIE							
	Antigua and Barbuda, Dominica, Saint Lucia	UN-Habitat	13,966,000	1,094,000	8.50%	1,222,000	9.49%
	Azerbaijan, Iran	UN-Habitat	14,000,000	1,190,000	9.29%	1,110,000	8.67%
<i>Sub-total, USD</i>			53,799,850	4,307,850		4,268,000	
8. Project Formulation Grants: Regional pre-concepts	Region/Countries	IE	Grant Size, USD	IE Fee, USD	IE Fee %	Execution Cost, USD	EC %
RIE							

	Angola, Namibia	OSS	20,000				
	Benin, Burkina Faso, Côte d'Ivoire, Gambia, Ghana, Guinea, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, Togo	OSS	20,000				
MIE							
	Antigua and Barbuda, Dominica, Saint Lucia	UN-Habitat	20,000				
	Azerbaijan, Iran	UN-Habitat	20,000				
Sub-total, USD			80,000				
GRAND TOTAL (1+2+3+4+5+6+7+8)			201,114,036	15,650,174	-	14,995,413	-