



ADAPTATION FUND

AFB/PPRC.26.b/3
05 October 2020

Project and Programme Review Committee
Twenty-sixth Meeting
Bonn, Germany (virtual), 13-14 October 2020

**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 2020, the cumulative funding decisions for all projects/programmes amounted to US\$ 744.58 million and funds available to support AF Board funding decisions amounted to US\$ 167.19 million. The cumulative funding decisions for projects/programmes submitted by MIEs amounted to US\$ 470.61¹ million. The Board had instituted, through decision B.12/9, a cap of 50 per cent for projects/programmes submitted by MIEs. Some categories of proposals submitted by MIEs had been excluded from counting towards the 50 per cent, and the cumulative funding decisions for MIE projects/programmes that counted towards it amounted to US\$ 452.87 million. Therefore, the funds available below the 50 per cent cap currently amount to US\$ 3.02 million.

¹ This figure includes approvals since June 30, 2020, and an anticipated intersessional Board approval of a project currently on the waitlist as per Decision B.35.a-35.b/25. The approval is expected by October 14, 2020.

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. Subsequently, [h]aving considered the proposal by the secretariat as contained in document AFB/PPRC.26.a26.b/2/22, and the recommendation by the Project and Programme Review Committee, the Adaptation Fund Board decided to:

(a) Include in its work plan for fiscal year 2021 the provision for an amount of US\$ 30 million to be provisionally set aside for the funding of regional project and programme proposals, including project formulation grant requests for preparing regional project and programme concept or fully-developed project documents;

(b) Consider the need for additional funding for regional project and programme proposals in the second half of fiscal year 2021.

(Decision B.35.a-35.b/75)

13. The total amount funded for regional projects and programmes in the fiscal year 2021 to-date is US\$ 6,500,000² for preparing regional projects and programmes. Another US\$ 20,973,509 in regional projects is on the waitlist for approval, pending availability under the MIE cap or reaccreditation.

14. 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

15. Accredited implementing entities submitted five (5) eligible single-country project proposals to the secretariat, with the total requested funding amounting to US\$ 27,787,604. The proposals included US\$ 2,168,400 or 8.47%³ in Implementing Entities management fees and US\$ 1,604,723 or 7.10%⁴ in execution costs.

² Intersessional Board approval is expected on October 14, 2020.

³ 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.

⁴ 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.

16. All five projects are fully-developed project proposals. They were submitted by a National and Multilateral Implementing Entities of the Fund; the Partnership for Governance Reform in Indonesia (Kemitraan), International Fund for Agricultural Development (IFAD), and World Food Programme (WFP).

17. Two out of the five proposals are for small projects, i.e. they request funding not exceeding US\$ 1,000,000. Both proposals were submitted by Kemitraan.

18. The proposals do not request management fees in excess of 8.5% and are thus in compliance with Board Decision B.11/16. In accordance with the same Decision B.11/16, all proponents of fully-developed project documents provide a budget on fee use.

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

20. 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.

21. 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)

22. Details of the single-country proposals are contained in the separate PPRC working documents, as follows:

1. Full Proposals: Single-country	Country	IE	PPRC Document number
NIE			
	Indonesia (1)	Kemitraan	AFB/PPRC.26.b/4
	Indonesia (2)	Kemitraan	AFB/PPRC.26.b/5
MIE			
	Côte d'Ivoire	IFAD	AFB/PPRC.26.b/6
	The Gambia	WFP	AFB/PPRC.26.b/7
	Kyrgystan	IFAD	AFB/PPRC.26.b/8

Project/programme proposals submitted by implementing entities: regional proposals

23. Accredited MIEs and RIEs submitted to the secretariat five (5) eligible proposals for regional projects and programmes. The total requested funding of those proposals amounted to US\$ 64,421,417. One of the proposals was for a fully-developed project. The total requested funding for the fully-developed regional proposals included \$1,190,000 or 9.29% in Implementing Entities' management fees and US\$ 1,330,000 or 10.38% in execution costs.

24. The proposals were submitted by three MIEs: United Nations Educational, Scientific and Cultural Organization (UNESCO), World Food Programme (WFP) and World Meteorological Organization (WMO), and one RIE: Development Bank of Latin America (CAF). Details of the regional proposals are contained in the separate PPRC working documents, as follows:

2. Full Proposals: Regional	Region/Countries	IE	PPRC Document number
MIE			
	Angola, Mozambique, Namibia, South Africa, Zimbabwe	UNESCO	AFB/PPRC.26.b/9
3. Concepts: Regional	Region/Countries	IE	PPRC Document number
MIE			
	El Salvador, Honduras	WFP	AFB/PPRC.26.b/10
5. Pre-concepts: Regional	Region/Countries	IE	PPRC Document number
RIE			
	Costa Rica, Dominican Republic	CAF	AFB/PPRC.26.b/11
MIE			
	Chad, Cameroon, Central African Republic, Niger, Nigeria	WMO	AFB/PPRC.26.b/12
	India, Sri Lanka	WFP	AFB/PPRC.26.b/13

The review process

25. In accordance with the operational policies and guidelines, the secretariat screened and prepared technical reviews of the 10 project and programme proposals.

26. 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. The Implementing Entities were offered the opportunity to discuss the initial review findings with the secretariat by telephone as is the usual practice.

27. 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.26.b/3/Add.1).

Issues identified during the review process

Issues related to the Multilateral Implementing Entity cap

28. As mentioned above, based on the latest Financial Report prepared by the Trustee (as of 30 June 2020), and excluding certain projects as necessary, the funds available for projects submitted by MIEs below the 50% cap amounted to US\$ 3.02 million.

29. Accordingly, one single country proposal to be implemented by a MIE and submitted for consideration at the second session of the thirty-fifth meeting, are to be placed in a waitlist. It will be subject to availability of resources and respecting the 50 per cent cap set for projects and programmes submitted by MIEs.

Table: Project proposals submitted to the second session of the thirty-fifth Adaptation Fund Board meeting (35.b)

1. Full Proposals: Single-country	Country	IE	PPRC Document number	Grant Size, USD	IE Fee, USD	IE Fee %	Execution Cost, USD	EC %
NIE								
	Indonesia (1)	Kemitraan	AFB/PPRC.26.b/4	963,456	75,478	8.50%	84,358	9.50%
	Indonesia (2)	Kemitraan	AFB/PPRC.26.b/5	824,835	64,618	8.50%	72,221	9.50%
MIE								
	Côte d'Ivoire	IFAD	AFB/PPRC.26.b/6	6,000,000	461,538.46	8.33%	108,597.29	1.96%
	The Gambia	WFP	AFB/PPRC.26.b/7	10,000,000	783,410	8.50%	874,590	9.49%
	Kyrgystan	IFAD	AFB/PPRC.26.b/8	9,999,313	783,356	8.50%	464,957	5.05%
Sub-total, USD				27,787,604	2,168,400	8.47%	1,604,723	7.10%

2. Full Proposals: Regional	Region/Countries	IE	PPRC Document number	Grant Size, USD	IE Fee, USD	IE Fee %	Execution Cost, USD	EC %
MIE								
	Angola, Mozambique, Namibia, South Africa, Zimbabwe	UNESCO	AFB/PPRC.26.b/9	14,000,000	1,190,000	9.29%	1,330,000	10.38%
Sub-total, USD				14,000,000	1,190,000	9.29%	1,330,000	10.38%
3. Concepts: Regional	Region/Countries	IE	PPRC Document number	Grant Size, USD	IE Fee, USD	IE Fee %	Execution Cost, USD	EC %
MIE								
	El Salvador, Honduras	WFP	AFB/PPRC.26.b/10	11,886,691	931,215	8.50%	950,475	8.68%
Sub-total, USD				11,886,691	931,215	8.50%	950,475	8.68%

4. Project Formulation Grants: Regional Concepts	Region/Countries	IE	PPRC Document number	Grant Size, USD
MIE				
	El Salvador, Honduras	WFP	AFB/PPRC.26.b/10/Add.1	80,000
Sub-total, USD				80,000

5. Pre-concepts: Regional	Region/Countries	IE	PPRC Document number	Grant Size, USD	IE Fee, USD	IE Fee %	Execution Cost, USD	EC %
RIE								
	Costa Rica, Dominican Republic	CAF		13,919,202	1,031,052	8.00%	1,513,150	11.74%
MIE								
	Chad, Cameroon, Central African Republic, Niger, Nigeria	WMO		10,620,000	765,000	7.76%	855,000	8.68%
	India, Sri Lanka	WFP		13,995,524	1,096,424	8.50%	1,119,100	8.68%
Sub-total, USD				38,534,726	2,892,476	8.09%	3,487,250	9.70%

6. Project Formulation Grants: Regional pre-concepts	Region/Countries	IE	PPRC Document number	Grant Size, USD
MIE				
	Chad, Cameroon, Central African Republic, Niger, Nigeria	WMO	AFB/PPRC.26.b/12/Add.1	20,000
	India, Sri Lanka	WFP	AFB/PPRC.26.b/13/Add.1	20,000
Sub-total, USD				40,000