ADAPTATION FUND

AFB/PPRC. 27/30
19 February 2021

Adaptation Fund Board
Project and Programme Review Committee
Twenty-seventh Meeting
Bonn, Germany (Virtual)

Agenda Item 13

REPORT OF THE SECRETARIAT ON THE INTERSESSIONAL REVIEW CYCLE FOR READINESS GRANTS

Background

1. At the twenty-sixth meeting of the Adaptation Fund Board (the Board), the Project and Programme Review Committee (PPRC) had discussed readiness grant proposals that national implementing entities (NIEs) had submitted during the intersessional period between the twenty-fifth and twenty-sixth meetings of the Board. The PPRC had discussed that the Adaptation Fund Board secretariat (the secretariat) did not have a mandate to submit those proposals for intersessional approval by the Board. The secretariat had presented to the PPRC that the proposals were fairly simple and straightforward and did not necessarily require in-session discussion. In order to avoid having to wait until the twenty-seventh meeting of the Board, the PPRC recommended to the Board that the secretariat review the proposals for decision by the Board intersessionally between its twenty-sixth and twenty-seventh meetings. Having considered the comments and recommendation of the PPRC, the Adaptation Fund Board decided:

> *to request the secretariat to review intersessionally, between the 26th and 27th meetings of the Board, proposals submitted by National Implementing Entities for technical assistance grants and South-South cooperation grants under the Readiness Programme, and to submit the reviews to the PPRC for intersessional recommendation to the Board.*

(Decision B. 26/28)

2. At its twenty-seventh meeting, the Board had discussed the progress made under phase II of the Readiness Programme and the proposal outlined in document AFB/B.27/7 which had presented progress made by the Readiness Programme and a proposal to make the programme a more permanent feature of the Adaptation Fund (the Fund). Having considered document AFB/B.27/7, the Adaptation Fund Board decided to:

[..]

(b) Integrate the Readiness Programme into the Adaptation Fund work plan and budget;

[..]

(Decision B.27/38)

3. At its twenty-eighth meeting, the Board had discussed a recommendation by the Project and Programme Review Committee (PPRC) of the Board to establish a standing rule following on decision B.26/28 on the intersessional project review cycle for grants under the Readiness Programme to allow for continued review and approval of readiness grant proposals intersessionally each year. Having considered the comments and recommendation of the Project and Programme Review Committee, the Board decided to:

(a) Request the secretariat to continue to review readiness grant proposals annually, during an intersessional period of less than 24 weeks between two consecutive Board meetings;

(b) Notwithstanding the request in paragraph (a) above, recognize that any readiness grant proposal can be submitted to regular meetings of the Board;

(c) Request the PPRC to consider intersessionally the technical review of such readiness grant proposals as prepared by the secretariat and to make intersessional recommendations to the Board;

(d) Consider such intersessionally reviewed proposals for intersessional approval in accordance with the Rules of Procedure; and

(e) Request the secretariat to present, in the twentieth meeting of the PPRC, and annually following each intersessional review cycle, an analysis of the intersessional review cycle.

(Decision B.28/30)

4. The sixth intersessional project review cycle for readiness grants was arranged during the intersessional period between the thirty-fifth and thirty-sixth meetings of the Board. During this cycle, three proposals were received. The secretariat intersessionally prepared a report on the initial screening and technical review of the proposals that corresponds to similar reports prepared for the face-to-face meetings of the PPRC for concrete projects/programmes. That report, contained in document AFB/PPRC.26.b-27/1, was circulated together with the intersessionally reviewed proposals and was also posted on the Adaptation Fund (the Fund) website.

5. The above-mentioned report of the intersessional review cycle is annexed to this report. The current report has been prepared following the request in Decision B.28/30 subparagraph (e).

ANALYSIS OF THE INTERSESSIONAL CYCLE

6. Two technical assistance grant proposals for the environmental and social policy and gender policy (TA-ESGP) and one technical assistance grant proposal for the gender policy (TA-GP) were received during the current intersessional review cycle. Whilst all three proposals received were eligible[1] to be considered during the review cycle, the number of grant proposals submitted during this intersessional review cycle reflects a decrease compared to the previous intersessional review cycle.

7. The secretariat did not receive any South-South Cooperation (SSC) grant proposals during the current review cycle.

8. The decrease in the number of TA-ESGP grant proposals and TA-GP grant proposals could be explained by the fact that an accredited NIE can only access either the TA-ESGP or TA-GP grant as a once off grant, and a significant number of NIEs[2] had already received these grants. In addition, some NIEs had informed the secretariat through informal channels[3] that they had either autonomously established adequate gender and/or environmental and social safeguard policies or

[1] According to the requirements posted on the Adaptation Fund website, all accredited NIEs of the Fund that have not previously received a technical assistance grant are eligible for the grant. To be eligible for a SSC grant, an accredited NIE will need to demonstrate experience implementing an Adaptation Fund project/programme, and also demonstrate experience participating in, organizing support to, or advising other NIEs, entities or governments relevant to accreditation or capacity building to receive climate finance for adaptation projects/programmes.

[2] 21 out of the 32 NIEs accredited as at the date of this report have accessed a TA-ESGP grant or grant for the environmental and social policy (ESP) that had been in effect before the TA-ESGP, and four NIEs have received a TA-GP.

[3] The secretariat generally engages in direct conversations with NIE representatives at readiness workshops, international conferences like the UNFCCC COP negotiations and via telephone as part of day-to-day operations.

done so using funds from other sources e.g, the Green Climate Fund readiness funds. It would therefore be expected that not all NIEs would request these grants.

9. Whilst the decrease in the number of TA-ESGP grants and TA-GP grants can be expected due to the above reasons, the number of SSC grant proposals received in the current review cycle is not consistent with the proposals submitted in previous years. On average, three SSC grant proposals have been submitted each financial year since FY14, with the highest number (five proposals) having been submitted in FY16, and the least (zero proposals) having been submitted in the current review cycle.

10. Following the Fund's engagement at the twenty-fifth Conference of Parties (COP25) of the United Nations Framework Convention on Climate Change (UNFCCC), the secretariat had been receiving enquiries from developing countries and candidate NIEs who want to navigate the Fund's accreditation process using support from readiness grants, and in particular SSC grants and the readiness support package grant (which is still in its pilot phase). However, since the call for readiness grants is made once a year, candidate NIEs would have to wait until the call is made, which is usually in the second half of the following year after the COP. Due to this, the secretariat has observed that some countries end up not submitting proposals to receive the grants or miss the call and still end up not accessing the grants. It is therefore observed that making readiness grants available throughout the year could increase their accessibility by developing countries that wish to obtain accreditation with the Fund and could increase the number of grant proposals received in subsequent review cycles.

11. The first readiness grants were reviewed and approved by the Board during its regular meetings. However, as the workload of the PPRC at its regular meetings increased with increase in the size of the Fund's portfolio of concrete projects and the number of proposals submitted for funding by implementing entities, the Board had decided that readiness grant proposals could also be submitted intersessionally during an intersessional period of less than 24 weeks between two consecutive Board meetings[4]. The decision also considered the need to manage the workload of the secretariat between successive reviews for projects and programmes. In line with this rationale, it is expected that adding a readiness grant proposal review cycle during an intersessional period of 24 weeks or more between two consecutive Board meetings could provide an additional opportunity for NIEs to access readiness grants. The secretariat will continue to work closely with NIEs to raise awareness through the Fund website and through readiness events on the availability and access procedures for all readiness grants.

12. The Board approvals in this intersessional review cycle bring the total number of technical assistance grants approved by the Board to 25[5] and the number of countries that have received a grant for peer-peer support for accreditation through the SSC grants remain at 17.

Table 1: Project proposals submitted to the intersessional review cycle between the thirty-fifth and thirty-sixth meetings of the Adaptation Fund Board

[4] AFB Decision B.28/30

[5] This includes six technical assistance grants for the environmental and social policy (TA-ESP) approved by the Board in FY16 but this type of grant was later replaced by the TA-ESGP following approval of the Fund's Gender Policy in March 2016.

Country	IE receiving or providing support	Type of grant	Document reference	Decision	Funding set aside (USD)
Benin	FNEC	TA-GP	AFB/PPRC.26.b-27/4	Approved	$10,000
Cote d'Ivoire	FIRCA	TA-ESGP	AFB/PPRC.26.b-27/2	Approved	$24,820
Mexico	IMTA	TA-ESGP	AFB/PPRC.26.b-27/3	Approved	$25,000
Total					**$59,820**

RECOMMENDATION

13. Having considered the observations of the secretariat and analysis of the intersessional review cycle for readiness grants as set out in document AFB/PPR.27/30, and recalling decision B.28/30, the PPRC may want to consider and recommend to the Board to:

a) Request the secretariat to review readiness grant proposals during all intersessional periods between Board meetings while recognizing that such grants may also be reviewed at regular meetings of the Board;

b) Request the PPRC to consider intersessionally the technical review of such readiness grant proposals as prepared by the secretariat and to make intersessional recommendations to the Board;

c) Consider such intersessionally reviewed proposals for intersessional approval in accordance with the Rules of Procedure;

d) Request the secretariat to send a notification to implementing entities and other stakeholders informing them about the new arrangement; and

e) Request the secretariat to present in the twenty-eighth meeting of the PPRC, and to subsequent PPRC meetings following each intersessional review cycle for readiness grants, an analysis of the intersessional review cycle.

ANNEX I: REPORT OF THE SECRETARIAT ON INITIAL SCREENING/TECHNICAL REVIEW OF GRANT PROPOSALS UNDER THE READINESS PROGRAMME

AFB/PPRC.26.b-27/1
2 November 2020

Adaptation Fund Board
Project and Programme Review Committee

REPORT OF THE SECRETARIAT ON INITIAL SCREENING/TECHNICAL REVIEW OF GRANT PROPOSALS UNDER THE READINESS PROGRAMME

Background

1. This document presents to the Project and Programme Review Committee (PPRC) of the Adaptation Fund Board (the Board) an overview of the grant proposals/request documents submitted by National Implementing Entities (NIE) under the Readiness Programme for intersessional approval, and the process of screening and technical review undertaken by the Adaptation Fund Board Secretariat (the secretariat).

2. The analysis of the request documents mentioned above is contained in a separate addendum to this document.

3. At its twenty-second meeting the Board had set aside funding from the Adaptation Fund Trust Fund resources for subsequent commitment and transfer at the instruction of the Board[6] to enhance capacities for accreditation through South-South cooperation (SSC), i.e. accredited NIEs supporting countries to identify potential NIEs and submit accreditation applications, and accredited NIEs' capacities to comply with the Adaptation Fund (the Fund) environmental and social policy (ESP) through technical assistance grants. The Board had approved this funding through small grants under the Readiness Programme.

4. At the twenty-sixth meeting of the Board, the secretariat had presented to the Board to consider whether the rules in the intersessional project review cycle that had been passed through decision B.23/15 and decision B.25/2, could be applied to grant proposals received under the Readiness Programme and allow the secretariat to review and submit proposals by NIEs for technical assistance and SSC intersessionally, with a view to speeding up the grant approval process. To facilitate timely review of the grant proposals, the Board decided to:

> *Request the secretariat to review intersessionally, between the 26th and 27th meetings of the Board, proposals submitted by National Implementing Entities for technical assistance grants and South-South cooperation grants under the Readiness Programme, and to submit the reviews to the PPRC for intersessional recommendation to the Board*.
>
> **(Decision B. 26/28)**

5. At its twenty-seventh meeting, the Board had decided to integrate the Readiness Programme into the Fund's work plan and budget in a more permanent manner. The Board had also set aside funding for small grants as direct transfers from the resources of the Adaptation Fund Trust Fund, for the fiscal year 2017. At this meeting, the Board decided to:

a) *Take note of the progress report for phase II of the Readiness Programme;*

b) *Integrate the Readiness Programme into the Adaptation Fund work plan and budget; and*

c) *Approve the proposal for the Readiness Programme for the fiscal year 2017 (FY17), comprising its work programme for FY17 with the funding of US$ 616,500 to be transferred to the secretariat budget and US$ 590,000 for direct transfers from the resources of the Adaptation Fund Trust Fund for allocation as small grants.*

(Decision B.27/38)

[6] Decision B.22/24

6. At the twenty-eighth meeting of the Board, the PPRC had recommended to the Board to establish a standing rule following on decision B.26/28 on the intersessional project review cycle for grants under the Readiness Programme to allow for continued review and approval of readiness grant proposals intersessionally each year. Having considered the comments and recommendation of the Project and Programme Review Committee, the Board decided to:

a) Request the secretariat to continue to review readiness grant proposals annually, during an intersessional period of less than 24 weeks between two consecutive Board meetings;

b) Notwithstanding the request in paragraph (a) above, recognize that any readiness grant proposal can be submitted to regular meetings of the Board;

c) Request the PPRC to consider intersessionally the technical review of such readiness grant proposals as prepared by the secretariat and to make intersessional recommendations to the Board;

d) Consider such intersessionally reviewed proposals for intersessional approval in accordance with the Rules of Procedure; and

e) Request the secretariat to present, in the twentieth meeting of the PPRC, and annually following each intersessional review cycle, an analysis of the intersessional review cycle.

(Decision B.28/30)

7. Following Decision B.35.a-35.b/28 by the Board to approve the secretariat work schedule and work plan for fiscal year 2021 as contained in document AFB/EFC.26.a-26.b/2. Rev.1, the secretariat launched a call for project proposals intersessionally between the first and second part of the thirty-fifth meeting of the Board and eligible countries and accredited NIEs were given the opportunity to submit applications for technical assistance grants and SSC grants.

Technical Assistance Grant Proposals Submitted by NIEs

8. In response to the call by the secretariat, accredited NIEs of the Fund could submit proposal documents for a technical assistance (TA) grant to enable them to source external expertise to help improve NIE capacity to assess and manage environmental, social and gender related issues and to comply with the Fund's Environmental and Social Policy (ESP) and Gender Policy (GP). An NIE could submit a proposal for one of two types of TA grants available, that is, a TA Grant for the ESP and GP (TA-ESGP) or a TA Grant for the Gender Policy (TA-GP). NIEs eligible to submit proposals for the TA-ESGP would be those that had not previously received a grant for technical assistance and would be expected to build capacity on environmental and social safeguards and gender safeguards simultaneously. NIEs eligible to submit proposals for the (TA-GP) would be those that had previously not received a TA-ESGP that would like to integrate gender considerations into existing robust ESP and environmental and social safeguards to align with the Fund's gender policy.

9. The secretariat did not receive any proposals for S-S cooperation grants during the current review cycle.

Technical Assistance Grants for the ESP and the GP (TA-ESGP)

10. Accredited NIEs submitted two TA-ESGP grant proposals to the secretariat, with the total requested funding amounting to US$ 49,820. One of the proposals included US$ 1,945 or 8.5% in Implementing Entity (IE) management fees.

11. The proposals were submitted by the Interprofessional Fund for Agricultural Research and Advice (FIRCA) of the Republic of Côte d'Ivoire (Côte d'Ivoire), and the Mexican Institute of Water Technology (IMTA) of the United Mexican States (Mexico). The two proposals were all eligible to be considered and the details of these proposals are contained in the PPRC working documents as follows:

AFB/PPRC.26.b-27/2 *TA-ESGP - Interprofessional Fund for Agricultural Research and Advice (Côte d'Ivoire)*

AFB/PPRC.26.b-27/3 *TA-ESGP - Mexican Institute of Water Technology (Mexico)*

12. Both proposals requested funding within the cap of US$ 25,000 for TA-ESGP grants as outlined in document AFB/B.27/7 which presented the proposal for the Readiness Programme for the fiscal year 2017 (FY17) approved by the Board at its twenty-seventh meeting through decision B.27/38.

13. The submitted technical assistance grant proposals provide an explanation and a basic breakdown of the costs associated with the accredited NIEs building their capacity to assess and manage environmental, social and gender related issues and to comply with the Fund's ESP and GP. The proposal submitted by FIRCA included US$ 1,945 or 8.5%[7] in IE management fees, which complies with Board Decision B.11/16 to cap management fees at 8.5% of the project/programme budget. A summary of the proposals is provided in Table 1 below.

Table 1: TA-ESGP grant proposals submitted to the intersessional period between the first and second part of the thirty-fifth meetings of the Adaptation Fund Board

Country	IE	Initial Financing Requested (USD), (current period)	Final Financing Requested[8] (USD), (current period)	IE Fee (USD)	IE Fee, %
Côte d'Ivoire	FIRCA	$25,000	$24,820	$1945	8.5%
Mexico	IMTA	$25,000	$25,000	$0	0%
Total		**$50,000**	**$49,820**	**$1945**	**4.1%**

Technical Assistance Grants for the Gender Policy (TA-GP)

14. Accredited NIEs submitted one TA-GP grant proposals to the secretariat, with the total requested funding amounting to US$ 10,000. The proposal did not include any implementing entity management fees.

[7] 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.

[8] Final technical assistance grant financing requested after the secretariat's initial technical review and request for further clarification to the applicant.

15. The proposal was submitted by the National Fund for Environment and Climate (FNEC) of the Republic of Benin (Benin). The proposal was eligible to be considered and the details of the proposal are contained in the PPRC working documents as follows:

AFB/PPRC.26.b-27/4 *TA-GP - National Fund for Environment and Climate (Benin)*

16. The proposal requested funding within the cap of US$ 10,000 for TA-GP grants as outlined in document AFB/B.27/7 which presented the proposal for the Readiness Programme for the fiscal year 2017 (FY17) approved by the Board at its twenty-seventh meeting through decision B.27/38.

17. The submitted technical assistance grant proposal provides an explanation and a basic breakdown of the costs associated with the accredited NIEs building their capacity to assess and manage gender related issues and to comply with the Fund's GP. A summary of the proposal is provided in Table 2 below.

Table 2: TA-GP grant proposals submitted to the intersessional period between the first and second part of the thirty-fifth meetings of the Adaptation Fund Board

Country	IE	Initial Financing Requested (USD), (current period)	Final Financing Requested[9] (USD), (current period)	IE Fee (USD)	IE Fee, %
Benin	FNEC	$10,000	$10,000	$0	0%
Total		**$10,000**	**$10,000**	**$0**	**0%**

South-South Cooperation Grant Proposals Submitted by Implementing Entities

18. The secretariat did not receive any proposals for S-S cooperation grants during the current review cycle.

The review process

19. In accordance with the operational policies and guidelines, following the receipt of the proposals, the secretariat screened and prepared technical reviews of the three project proposals.

20. In line with the Board request at its tenth meeting, the secretariat shared the initial technical review findings with the NIE applicants and solicited their responses to specific items requiring clarification. Responses were requested by e-mail, and the time allowed for the NIE 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.

21. The secretariat subsequently reviewed the NIEs' responses to the clarification requests, and compiled comments and recommendations that are presented in the addendum (AFB/PPRC.26.b-27/1/Add.1) to this document.

Issues Identified During the Review Process

[9] Final technical assistance grant financing requested after the secretariat's initial technical review and request for further clarification to the applicant.

22. There were no particular issues identified during this review process.