



ADAPTATION FUND

AFB/PPRC.27-28/1
18 June 2021

Adaptation Fund Board
Project and Programme Review Committee

**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 (IEs) to the intersessional period between the thirty-sixth and thirty-seventh meetings of the Board, and the process of screening and technical review undertaken by the secretariat.

2. In advance of the intersessional thirty-sixth and thirty-seventh project and programme review cycle, the secretariat received proposals for both single-country proposals as well as regional proposals as encouraged by Decision B.26/3, and as observed in Decisions B.27/5 and B.31/3, and reviewed them, as detailed further below.

3. At its twenty-third meeting, the Adaptation Fund Board (the Board) discussed a recommendation made by the Project and Programme Review Committee (PPRC) of the Board, on arranging intersessional review of project and programme proposals. Having considered the comments and recommendation of the PPRC, the Board decided to:

(a) Arrange one intersessional project/programme review cycle annually, during an intersessional period of 24 weeks or more between two consecutive Board meetings, as outlined in document AFB/PPRC.14/13;

(b) While recognizing that any proposal can be submitted to regular meetings of the Board, require that all first submissions of concepts and fully-developed project/programme documents continue to be considered in regular meetings of the PPRC;

(c) Request the secretariat to review, during such intersessional review cycles, resubmissions of project/programme concepts and fully-developed project/programme documents submitted on time by proponents for consideration during such intersessional review cycles;

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

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

(f) Inform implementing entities and other stakeholders about the new arrangement by sending a letter to this effect, and make the calendar of upcoming regular and intersessional review cycles available on the Adaptation Fund website and arrange the first such cycle between the twenty-third and twenty-fourth meetings of the Board;

(g) Request the PPRC to defer to the next Board meeting any matters related to the competencies of the Ethics and Finance Committee that may come up during the intersessional review of projects/programmes and to refrain from making a recommendation on such proposals until the relevant matters are addressed; and

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

(Decision B.23/15)

4. At the twenty-fifth Board meeting, the secretariat had requested the Board to consider whether the rules in the intersessional project review cycle could be made more accommodating, with a view to speeding up the process. The Board subsequently decided to:

(a) Amend Decision B.23/15 and require that all first submissions of concepts under the two-step approval process and all first submissions of fully-developed project/programme documents under the one-step process continue to be considered in regular meetings of the Project and Programme Review Committee (PPRC);

(b) Request the secretariat to review, during its inter-sessional review cycles:

(i) First submissions of fully-developed project/programme documents for which the concepts had already been considered in regular meetings of the PPRC and subsequently endorsed by the Board;

(ii) Resubmissions of project/programme concepts and resubmissions of fully-developed project/programme documents;

(c) Request the PPRC to consider intersessionally the technical review of such 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) Inform implementing entities and other stakeholders about the updated arrangement by sending a letter to this effect, and make effective such amendment as of the first day of the review cycle between the twenty-fifth and twenty-sixth meetings of the Board.

(Decision B.25/2)

5. At the thirty-sixth Board meeting, the secretariat had requested the Board to consider whether to increase the single-country and regional cap, with a view to expand the financial resources available to IEs. The Board subsequently decided:

(a) To revise the cap per country established by decision B.13/23 from US\$ 10 million to US\$ 20 million for all eligible developing country Parties, so that any Party could access a total of up to US\$ 20 million from the Adaptation Fund once it had accessed funding amounting to at least US\$ 8 million for concrete single-country adaptation projects or programmes or once four years had passed since approval of the first concrete single-country adaptation project(s)/(programme(s) by the Board, whichever occurred earlier;

- (b) *To set a maximum level of US\$ 10 million for an individual funding request for single country concrete adaptation projects, provided that lower maximum levels could be set by the Board in specific circumstances, such as in the case of national implementing entities accredited through the streamlined process;*
- (c) *To maintain the processes already put in place for the allocation of funding for regional projects and programmes, i.e., the provision on an annual basis (fiscal year) of a specific amount for the funding of regional project and programme proposals and the pipeline established through decision B.31/3;*
- (d) *To assess implications of decision B.36/41 three years after the thirty-sixth meeting of the Board, taking into consideration resource availability, equitable access to funds, accreditation progress and programmatic development of the Fund;*
- (e) *To inform the designated authorities and accredited implementing entities of this decision.*

(Decision B.36/41)

6. According to the latest Financial Report prepared by the Trustee as of 31 March 2021¹, the cumulative funding decisions for projects/programmes submitted by MIEs amounted to US\$ 511.52 million, and the cumulative funding decisions for all projects/programmes amounted to US\$ 882.94 million. Funds available to support AF Board funding decisions amounted to US\$ 221.13 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\$ 13.27 million.

Funding Window for Regional Projects and Programmes

7. 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)

8. 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.

¹ The Report is available at <https://fiftrustee.worldbank.org/en/about/unit/dfi/fiftrustee/reports?fundName=ADAPT&folderName=Trustee%20Reports>

9. 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)

10. The Board considered, 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)

11. 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)

12. 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)

13. More recently, at the thirty-sixth meeting of the Board, [h]aving considered the recommendation of the PPRC, the Adaptation Fund Board decided to include in its work plan for fiscal year 2022 a provision for an amount of US\$ 60 million to be provisionally set aside, as follows:

a) Up to US\$ 59 million for the funding of regional project and programme proposals;

b) Up to US\$ 1 million for the funding of project formulation grant requests for preparing regional project and programme concept or fully-developed project documents.

(Decision B.36/1)

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

14. Accredited implementing entities submitted three eligible single-country project proposals to the secretariat. However, only two completed the process, requesting a total funding amount of US\$ 7,588,285. The proposals included US\$ 583,225 or 8.33%² in Implementing Entities management fees and US\$ 495,799 or 7.08%³ in execution costs.

15. Both are fully-developed project proposals. They were submitted by National and Multilateral Implementing Entities of the Fund; the Ministry of Water and Environment (MoWE) and the International Fund for Agricultural Development (IFAD).

16. 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.

17. Both proposals are in compliance with Board Decision B.13/17 to cap execution costs at 9.5% of the project/programme budget. The execution costs for the projects submitted to this meeting average US\$ 291,613.

18. Both proposals request funding below the revised cap of US\$ 20 million, and below the cap of US\$ 10 million for an individual funding request for single country concrete adaptation projects as per Decision B.36/41.

19. The total requested funding for the fully-developed NIE project documents submitted to the current intersessional review cycle amounts to US\$ 2,249,000 including 1.48% in management fees.

20. 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)

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

² 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.

³ 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.

1. Full Proposals: Single-country	Country	Implementing Entity	PPRC Document number
NIE			
	Uganda	MOWE	AFB/PPRC.27-28/2
MIE			
	Djibouti	IFAD	AFB/PPRC.27-28/3

Project/programme proposals submitted by implementing entities: regional proposals

22. Accredited MIEs and RIEs submitted to the secretariat four eligible proposals for regional projects and programmes. The total requested funding of those proposals amounted to US\$ 44,790,973. All four proposals were fully-developed projects. The total requested funding for the fully-developed regional proposals included US\$ 3,435,915 or 8.31% in Implementing Entities' management fees and US\$ 3,611,212 or 8.73% in execution costs.

23. The proposals were submitted by two MIEs: the United Nations Human Settlements Programme (UN-Habitat), and United Nations Educational, Scientific and Cultural Organization (UNESCO); and one RIE: Observatoire du Sahara et du Sahel / Sahara and Sahel Observatory (OSS). Details of the regional proposals are contained in the separate PPRC working documents, as follows:

2. Full Proposals: Regional	Region/Countries	Implementing Entity	PPRC Document number
RIE			
	Angola, Namibia	OSS	AFB/PPRC.27-28/4
	Benin, Burkina Faso, Côte d'Ivoire, Gambia (Republic of The), Ghana, Guinea, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, Togo	OSS	AFB/PPRC.27-28/5
MIE			
	Cambodia, Lao (People's Democratic Republic), Thailand, Viet Nam	UNESCO	AFB/PPRC.27-28/6
	Côte d'Ivoire, Ghana	UN-Habitat	AFB/PPRC.27-28/7

The review process

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

25. 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 virtual meetings.

26. 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.27-28/1/Add.1).

Table: Project proposals submitted to the intersessional review cycle between the 36 and 37 Adaptation Fund Board meetings

1. Full Proposals: Single-country	Country	IE	PPRC Document number	Grant Size, USD	IE Fee, USD	IE Fee %	Execution Cost, USD	EC %
NIE	Uganda	MOWE	AFB/PPRC.27-28/2	2,249,000	164,940	7.91%	30,799	1.48%
MIE	Djibouti	IFAD	AFB/PPRC.27-28/3	5,339,285	418,285	8.50%	465,000	9.45%
<i>Sub-total, USD</i>				7,588,285	583,225		495,799	
2. Full Proposals: Regional	Region/Countries	IE	PPRC Document number	Grant Size, USD	IE Fee, USD	IE Fee %	Execution Cost, USD	EC %
RIE	Angola, Namibia	OSS	AFB/PPRC.27-28/4	11,941,038	900,000	8.15%	920,183	8.33%
	Benin, Burkina Faso, Côte d'Ivoire, Gambia (Republic of The), Ghana, Guinea, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, Togo	OSS	AFB/PPRC.27-28/5	14,000,000	1,080,095	8.36%	1,120,905	8.68%
MIE	Cambodia, Lao (People's Democratic Republic), Thailand, Viet Nam	UNESCO	AFB/PPRC.27-28/6	4,898,775	362,872	8.00%	374,524	8.26%
	Côte d'Ivoire, Ghana	UN-Habitat	AFB/PPRC.27-28/7	13,951,160	1,092,948	8.50%	1,195,600	9.30%
<i>Sub-total, USD</i>				44,790,973	3,435,915		3,611,212	
GRAND TOTAL (1+2)				52,379,258	4,019,140		4,107,011	