



ADAPTATION FUND

AFB/PPRC.28-29/1
24 January 2022

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 (NIEs) 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 grant proposals/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 Board¹ 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)

¹ 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. At the thirty-sixth meeting of the Board, the PPRC had recommended to the Board to approve the Readiness Package Grant as a standing grant to support accreditation to the Fund. The Readiness Package Grant would replace South-South Cooperation Grants and continue to facilitate peer-peer support for accreditation through South-South cooperation using a more enhanced and comprehensive approach. Having considered the comments and recommendation of the Project and Programme Review Committee, the Board decided:

- a) *To approve the Readiness Package Grant as a standing window and replacement to South-South Cooperation Grants under the Readiness Programme to provide support for the accreditation of a National Implementing Entity (NIE) of the Fund;*
- b) *That the Readiness Package Grant shall be available for accreditation of NIEs only, up to a maximum of US\$ 150,000 per country;*
- c) *That Implementing Entities submitting proposals for the Readiness Package Grant should do so using the application form in Annex I of document AFB/PPRC.27/29 and that such proposals should be reviewed using the review sheet in Annex II of document AFB/PPRC.27/29;*
- d) *That the review cycle and approval of Readiness Package Grants shall follow the review and approval process as well as reporting requirements for readiness grants under the Fund;*
- e) *That already approved South-South Cooperation grants should continue implementation and fulfil all reporting requirements until completion;*

f) *To request the secretariat to prepare an analysis for opening the Readiness Package Grant to non-NIE intermediaries that are accredited implementing entities of the Fund;*

g) *To also request the secretariat to notify all accredited implementing entities of this decision by the Board on the Readiness Package Grant and South-South Cooperation Grants.*

(Decision B.36/25)

8. At its thirty-sixth meeting, the Board had, through Decision B.36/30, approved the readiness workplan for FY22 as contained in the secretariat work schedule and work plan, document AFB/EFC.27/5. Following Decision B.36/30 by the Board, the secretariat launched a call for project proposals intersessionally between the thirty-sixth and thirty-seventh meetings of the Board and eligible countries and accredited NIEs were given the opportunity to submit applications for technical assistance and Readiness Package grants.

Technical Assistance Grant Proposals Submitted by NIEs

9. The secretariat did not receive any proposals for Technical Assistance (TA) grants during the current review cycle.

Readiness Package Grant Proposals Submitted by NIEs

10. In response to the call by the secretariat for accredited NIEs of the Fund to submit proposals for Readiness Package grants, the secretariat received two grant proposals for two countries from one intermediary NIE. The proposals were meant to enhance South-South cooperation for accreditation to the Fund through a more comprehensive suite of tools to help institutions in countries seeking direct access to the Fund's resources, to prepare and submit their applications for accreditation.

11. The two grant proposals were submitted by the Centre de Suivi Ecologique (CSE) of Senegal (the intermediary), on behalf of the governments of Cameroon and Zambia. Details of these proposals are contained in the PPRC working documents as follows:

*AFB/PPRC.28-29/2 Readiness Package Grant Proposal for Fonds Spécial
d'équipement et d'Intervention intercommunale (Cameroon)*

*AFB/PPRC.28-29/3 Readiness Package Grant Proposal for Zambia Industrial
Commercial Bank (Zambia)*

12. Both proposals requested funding within the cap of US\$ 150,000 for Readiness Package grants as approved by the Board through Decision B.36/25.

13. The submitted Readiness Package grant proposals provide an explanation and a basic breakdown of the costs associated with providing support to help those applying for accreditation as an NIE prepare and submit their application. The proposals submitted by CSE included US\$

11,705² or 8.5% in Implementing Entity management fees for Cameroon and US\$ 11,688 or 8.5% in Implementing Entity management fees for Zambia, which complies with Board Decision B.11/16 to cap management fees at 8.5% of the project/programme budget. The total requested funding for these grants for the current period amounted to US\$ 298,593 and included US\$ 23,393 or 8.5% in Implementing Entities' management fees. A summary of the applicants is provided in Table 1 below.

Table 1: Readiness Package grant proposals submitted to the intersessional period between the thirty-seventh and thirty-eighth meetings of the Adaptation Fund Board

Country	IE Providing Support	Initial Financing Requested (USD), (current period)	Final Financing Requested	IE Fee (USD)	IE Fee, %
Cameroon	CSE	\$149,405	\$149,405	\$11,705	8.5%
Zambia	CSE	\$149,188	\$149,188	\$11,688	8.5%
Total		\$298,593	\$298,593	\$23,393	8.5%

The review process

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

15. In line with the Board request at its tenth meeting, the secretariat shared the initial technical review findings with the NIE applicant and held a virtual meeting with them in January 2022.

16. The meeting discussed the lack of comprehensive information from the applicant NIEs to enable adequate review and screening by the secretariat. The meeting also discussed possible ways of improving the quality of information provided with Readiness Package grant proposals and methods of collecting this information as discussed in the section below.

17. The secretariat also discussed internally the readiness package grant amount of US\$ 150,000 per country made available for accreditation of NIEs only through Decision B.36/25. The Board, subsequently through decision B.36/42, approved the accreditation of up to two NIEs per country for eligible developing country parties. The secretariat noted an apparent discord between these two decisions, because at the time of the decision B.36/25, only one NIE could be accredited per country and so by default the grant size was for a single entity seeking accreditation with the Fund. With regards to the option of splitting the per country amount of US\$ 150,000 among two NIEs, it is worth remembering that, during the implementation of the readiness package pilot, the grant recipients in the pilot phase clearly indicated that the US\$100,000 allocated in the pilot was inadequate; and inadequate funding was mentioned as one of the limiting factors to the success of the pilot as presented in document AFB/PPRC.27/29, titled Report on the Readiness Support Package Pilot.

Issues Identified During the Review Process

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.

18. The secretariat was not able to conduct an adequate technical review of the submitted Readiness Package grant proposals as the proposals did not provide sufficient information to ascertain the level of need and capacity requirements of the NIEs seeking accreditation with the Fund. The secretariat noted that additional information from the applicants would be required through the application form and that the grant application form could be updated to enable applicants to provide more comprehensive information. The secretariat also took note that the updates to the application form would not create a bottleneck or additional burden on the part of applicant NIEs nor the intermediary NIEs to submit a comprehensive Readiness Package grant proposal to the Board for consideration of approval.

19. The main issues affecting the quality of information in the proposals were: a lack of understanding of the AF accreditation process on part of the applicant NIE and insufficient information to assess the level of capacity requirements of the candidate NIEs seeking accreditation with the Fund; and insufficient information by the intermediary providing justification of why the nominated applicant NIE is the most suitable to meet the AF accreditation criteria.

20. The above issues could be addressed by updating the application form for Readiness Package grants to:

i) Request a clear brief explanation of the initial exchange that would have taken place between the NIE intermediary and the Designated Authority (DA) and/or NIE candidate seeking accreditation with the Fund. This should also briefly state the conclusion of this initial exchange on the NIE candidate's experience managing project finance, its institutional capacity and experience implementing and managing the full climate change or development finance project life cycle, and its competency for transparency, self-investigative powers, and anti-corruption measures.

ii) Request information on whether the DA and/or staff from institutions or organizations under consideration by the DA for nomination as an NIE candidate to undergo the accreditation process of the Fund, have completed the Fund's e-course on accreditation. This would also include a brief explanation of how completion of the course has informed the type and extent of support to be provided by the intermediary NIE and how this was incorporated into the grant proposal to the Board.

iii) Request a brief explanation and justification of why the nominated NIE candidate is the selected option and best suited to meet the Fund's accreditation criteria.

21. The secretariat subsequently prepared an updated Readiness Package grant application form and Technical Review sheet to accommodate the above changes.

Proposed Recommendation

22. Following the technical review of the grant proposal for technical assistance carried out by the secretariat and having considered the information contained in document AFB/PPRC.28-29/1, the Project and Programme Review Committee (PPRC) may wish to recommend that the Board decide to:

a) Request the secretariat to amend the language of decision B.36/25 to allow the Readiness Package Grant to be made available for accreditation of NIEs only, up to a

maximum of US\$ 150,000 per NIE, to ensure that entities going through the accreditation process are adequately supported;

b) Request the secretariat to update the application form and technical review sheet for Readiness Package grant proposals, and present them for consideration by the Project and Programme Review Committee (PPRC) at its twenty-ninth meeting;

c) Not approve the proposals for the Readiness Package grants submitted by Centre de Suivi Ecologique (CSE) on behalf of the government of Cameroon;

d) Not approve the proposals for the Readiness Package grants submitted by Centre de Suivi Ecologique (CSE) on behalf of the government of Zambia;

e) Encourage the Government of Cameroon to consider submitting, through CSE, a proposal using the updated application form, subsequent to the approval by the Board of the updated application form and technical review sheet referred to in subparagraph (b) above;

f) Encourage the Government of Zambia to consider submitting, through CSE, a proposal using the updated application form, subsequent to subsequent to the approval by the Board of the updated application form and technical review sheet referred to in subparagraph (b) above.

(Recommendation PPRC.28-29/X)