



## ADAPTATION FUND

AFB/PPRC.29/31  
9 March, 2022

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Adaptation Fund Board  
Project and Programme Review Committee  
Twenty-ninth Meeting  
Bonn, Germany (hybrid meeting), 5-6 April 2022

Agenda Item 8 a)

### **PROPOSAL FOR ENHANCED DIRECT ACCESS PROJECT FOR PERU**

## Background

1. At its thirtieth meeting, having considered document AFB/B.30/5/Rev.1, the Adaptation Fund Board decided:

- (a) *To adopt the medium-term strategy as amended by the Board, as contained in the Annex 1 of the document AFB/B.30/5/Rev.1 (the MTS); and*
- (b) *To request the secretariat:*
  - (i) *To broadly disseminate the MTS and work with key stakeholders to build understanding and support;*
  - (ii) *To prepare, under the supervision of the MTS task force, a draft implementation plan for operationalizing the MTS, containing a draft budget and addressing key assumptions and risks, including but not limited to funding and political risks, for consideration by the Board at its thirty-first meeting; and*
  - (iii) *To draft, as part of the implementation plan, the updates/modifications to the operational policies and guidelines of the Adaptation Fund needed to facilitate implementation of the MTS, for consideration by the Board at its thirty-first meeting.*

*(Decision B.30/42)*

2. Pursuant to decision B.30/42, subparagraph (b) (ii), the secretariat prepared a draft implementation plan for the MTS, including an assessment of assumptions and risks. The secretariat shared a version of the draft with the MTS task force for comments.

3. The draft implementation plan also contains suggestions for specific funding windows that might be opened under the MTS in complement of the Fund's existing funding windows for single-country and regional adaptation projects and readiness support projects. Following the approval of the implementation plan, the secretariat would present specific proposed details for each new funding window at subsequent meetings of the Board for its consideration, in accordance with the timeline contained in the implementation plan.

4. At its thirty-first meeting, the Adaptation Fund Board discussed the draft implementation plan for the MTS, and members of the Board proposed amendments to the document. The secretariat then presented a revised draft, in document AFB/B.31/5/Rev.1. Having considered that document, the Board decided:

- (a) *To approve the implementation plan for the medium-term strategy for the Fund for 2018–2022 contained in the Annex I to document AFB/B.31/5/Rev.1 (the plan);*
- (b) *To request the secretariat:*

*[...]*

- (iii) *To prepare, for each proposed new type of grant and funding window, a specific document containing objectives, review criteria, expected grant*

*sizes, implementation modalities, review process and other relevant features and submit it to the Board for its consideration in accordance with the tentative timeline contained in Annex I to document AFB/B.31/5/Rev.1, with input from the Board's committees;*

- (iv) Following consideration of the new types of support mentioned in subparagraph (b)(iii), to propose, as necessary, amendments to the Fund's operational policies and guidelines Fund to better facilitate the implementation of such new types of support; and*

*[...]*

*(Decision B.31/32)*

5. Having recognized that there was a high level of interest among the Fund's stakeholders on Enhanced Direct Access (EDA), a specific funding window on EDA was included in the MTS implementation plan to complement the Fund's existing funding window for single-country projects.

6. At the second session of its thirty-fifth meeting, the Board considered the document AFB/PPRC.26.b/18, Window for Enhanced Direct Access under the MTS and the Board decided:

*(a) To approve the pilot for projects submitted through the window for enhanced direct access (EDA) to promote EDA and further promote locally led adaptation under the Fund;*

*(b) That the pilot window to promote EDA projects/programmes shall be available to national implementing entities (NIEs) only, in the form of a grant up to a maximum of US\$5 million per country;*

*(c) That the window for EDA will not count against what the country could access under the country cap established by the Board for regular concrete projects/programmes;*

*(d) That the execution costs for proposals submitted under the EDA window should be up to a maximum of 12 per cent of the total project/programme budget requested before the implementing entity fees, and should not exceed 1.5 per cent in cases where the Implementing Entity has also taken on the role of Execution Entity for the proposed project/programme activities, and that the implementing entity fee should be up to a maximum of 10 per cent of the total project costs;*

*(e) That NIEs submitting proposals through the EDA window should do so using the existing approved proposal template and guideline materials for regular concrete projects/programmes nonetheless taking note of the project fees in subparagraph (d) and that EDA proposals submitted through the two-step project approval process are eligible for the project formulation grant and project formulation assistance grant as per the approved criteria by the Board for those grants;*

*(f) That the review cycle and approval of projects/programmes submitted through the EDA window shall follow the review and approval process as well as reporting requirements for regular projects/programmes under the Fund notwithstanding adherence to subparagraph where it concerns the review and approval of project fees; and*

*(g) To request the secretariat to present to the PPRC at its twenty-eighth meeting, an analysis of the project review cycle for EDA projects including an update on the implementation status of the EDA window.*

*(Decision B.35.b/10)*

7. Having considered the recommendation of the Project and Programme Review Committee, the Board decided to include in its work programme for fiscal year 2022 a provision for an amount of US\$ 20.2 million, to be provisionally set aside as follows:

*(a) Up to US\$ 20 million for the funding of Enhanced Direct Access projects;*

*(b) Up to US\$ 200,000 for the funding of project formulation and project formulation assistance grant requests for preparing Enhanced Direct Access fully-developed project documents.*

*(Decision B.36/2)*

8. Subsequently the first call for project and programme proposals under the indicative set amount of US\$ 20 million was issued to eligible Parties to submit Enhanced Direct Access project and programme proposals to the Fund through accredited NIEs.

9. The following project concept document titled “Fund for innovative solutions in adaptation in Peru” was submitted for Peru by the Peruvian Trust Fund for National Parks and Protected Areas (PROFONANPE), which is a National Implementing Entity of the Adaptation Fund.

10. This is the first submission of the proposal, using the two-step submission process.

11. The current submission was received by the secretariat in time to be considered in the thirty-eighth Board meeting. The secretariat carried out a technical review of the project proposal, assigned it the diary number AF00000283, and completed a review sheet.

12. In accordance with a request to the secretariat made by the Board in its 10th meeting, the secretariat shared this review sheet with PROFONANPE, and offered it the opportunity of providing responses before the review sheet was sent to the PPRC.

13. The secretariat is submitting to the PPRC the summary and, pursuant to decision B.17/15, the final technical review of the project, both prepared by the secretariat, along with the final submission of the proposal in the following section. In accordance with decision B.25/15, the proposal is submitted with changes between the initial submission and the revised version highlighted or with track changes.



ADAPTATION FUND

## ADAPTATION FUND BOARD SECRETARIAT TECHNICAL REVIEW OF PROJECT/PROGRAMME PROPOSAL

PROJECT/PROGRAMME CATEGORY: EDA - Regular-sized Project Concept

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**Country/Region:** Peru  
**Project Title:** Fund for innovative solutions in adaptation in Peru  
**Thematic Focal Area:** Multisector project  
**Implementing Entity:** Peruvian Trust Fund for National Parks and Protected Areas (PROFONANPE)  
**Executing Entities:** Profonanpe  
**AF Project ID:** AF00000283  
**IE Project ID:** **Requested Financing from Adaptation Fund (US Dollars):** 5,000,000  
**Reviewer and contact person:** Cristina Dengel **Co-reviewer(s):** Ishani Debnath  
**IE Contact Person:**

### Technical Summary

The EDA project “Fund for innovative solutions in adaptation in Peru” aims to increase the population's capacity to adapt to climate change through the financing of adaptation measures prioritised in the NDCs in the areas of water, forests and agriculture.

#### Project/Programme Background and Context:

Component 1: Training and technical advice for the development of proposals and project management (USD 277,250.00)

Component 2: Review and approval of proposals under EDA guidelines (USD 83,260)

Component 3: Management of EDA grants (USD 4,179,682).

#### Requested financing overview:

Project/Programme Execution Cost: USD 68,102.88

Total Project/Programme Cost: USD 4,608,294.88

Implementing Fee: USD 391,705.06

Financing Requested: USD 5,000,000.00

	<p>The proposal does not include a request for a project formulation grant and/or project formulation assistance grant.</p> <p>The initial technical review raises some issues, such as the adaptation objective, EDA rational in addressing the identified capacity gaps in the targeted communities and concreteness of proposed activities, cost effectiveness, adequate stakeholder consultations, identification, screening and addressing of environmental and social risks in line with the Adaptation Fund ESP, gender considerations and exceeding the limit of the project cap funding under the EDA window as is discussed in the number of Clarification Requests (CRs) and Corrective Action Request (CAR) raised in the review.</p> <p>The final technical review finds that the proposal has not adequately addressed the majority of the CR and CAR requests raised at initial technical review. Namely, the articulation of the EDA rationale and the expected targeted communities, equitable distribution of project benefits, adequate cost effectiveness analysis, adequate stakeholder consultation, adequate risk screening focusing on the risk of negative impacts and unwanted negative impacts. Furthermore, the initial gender assessment presented is at the national level and doesn't include the vulnerability of women, youth and other vulnerable groups in the target area.</p> <p><b>The concept note is not recommended for endorsement.</b></p>
Date:	14 February 2022

Review Criteria	Questions	Comments Initial Technical Review	Comments Final Technical Review
Country Eligibility	1. Is the country party to the Kyoto Protocol?	<b>Yes</b>	-
	2. Is the country a developing country particularly vulnerable to the adverse effects of climate change?	<b>Yes.</b> The Andean ecosystems of Peru and the population who live there are highly vulnerable to the climate change, particularly to drought (Central and Southern Andes), threats to the communities' productive systems linked to agriculture and livestock. (pages 1-5)	-

Project Eligibility	1. Has the designated government authority for the Adaptation Fund endorsed the project/programme?	<b>Yes</b> , as seen in the LoE signed Jan 10, 2022.	-
	2. Does the length of the proposal amount to no more than Fifty pages for the project/programme concept, including its annexes?	<b>Yes</b> . The length of the proposal is 21 pages, including Annexes and LoE.	-
	3. Does the project / programme support concrete adaptation actions to assist the country in addressing adaptive capacity to the adverse effects of climate change and build in climate resilience?	<p><b>Not clear.</b></p> <p>The project does not describe concrete characteristics of activities that could be funded or funding windows that may be financed through the EDA mechanism. The EDA mechanism that will be employed under each component how the funds will flow, who the exact target groups (vulnerable groups, CSOs, etc.) are unclear.</p> <p><b>CR1:</b> Please provide specifics on the target areas, including actual and projected climate impact in the target areas and location specific vulnerabilities.</p> <p><b>CR2:</b> Please explain the EDA rationale in relation to the climate scenario outlined in the background section of the proposal</p>	<p><b>CR1: Cleared.</b> On pages 9-14, table 1 describes the concrete characteristics of activities to be funded through the EDA mechanism.</p> <p><b>CR2: Not Clear.</b></p> <p>While an explanation of the EDA rationale has been provided in the response to the initial technical reviews, it is still unclear in the concept note. The response to the initial technical review notes that the EDA mechanism will improve the capacity in identifying and understanding the impacts of climate change on the livelihoods of the targeted communities and address the enabling condition of the lack of financial mechanisms for the implementation of innovative solutions.</p>

	<p><b>CR3:</b> Please clearly identify the target communities and explain the specific adaptation challenges faced by the target communities. Please also clarify how the EDA mechanism will lead to increased resilience and reduced vulnerability of the target group</p> <p><b>CR4:</b> Please provide an explanation and description of why an EDA mechanism would be best in addressing the adaptation challenges and needs identified in the proposal.</p> <p><b>CR5:</b> Please provide details on the funding model and how will it work - process for developing specific funding requests and proposals made by local beneficiaries at the subnational level, including the review and decision-making process for those requests.</p> <p><b>CR6:</b> Please clarify whether the EDA funding mechanism through PROFONANPE will be doing on-granting or loans or a mix.</p> <p><b>CR7:</b> Since the project includes a funding mechanism for finding local projects, activities are unidentified at this stage. Therefore, please clarify (1) the process for grant selection, (2) the selection criteria, (3) how women, girls and youth and other vulnerable groups will be considered, (4) identify themes and characteristics of activities that</p>	<p>However only a general explanation has been provided for the EDA rational on table 1 in pages 9-14.</p> <p><b>CR3: Not Cleared.</b> It is understood that only a general target population and geographic scope have been identified at this point as noted on pages 9-14. However, at this stage it should be possible to broadly indicate the target population. The entity has proposed that the beneficiaries specifically will be identified once they are presented in the call for proposals, which is acceptable.</p> <p><b>CR4: Not Cleared.</b></p> <p>While additional information is provided in table 2 with eligibility criteria for projects financed by the EDA, the information provided does not include an explanation of why an EDA mechanism is best for addressing these challenges.</p> <p><b>CR5: Cleared,</b> as noted on pages 17-8, and the flow of funds, including the review and decision-making process have been noted on pages 21-23.</p> <p><b>CR6: Cleared,</b> as noted on page 22. The EDA funding mechanism through PROFONANPE will be doing on-granting.</p>
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		<p>could be funded through the mechanism the EDA mechanism.</p>	<p><b>CR7: Not Cleared.</b> While the process of grant selection and the selection criteria have been explained on pages 17-18, description of how youth and other vulnerable groups will be considered is not clear. The themes and characteristics of activities that could be funded through the EDA mechanism is noted in table 1 on pages 9-14.</p> <p>Please provide clarification on how women, girls and youth and other vulnerable groups will be considered.</p>
	<p>4. Does the project / programme provide economic, social and environmental benefits, particularly to vulnerable communities, including gender considerations, while avoiding or mitigating negative impacts, in compliance with the Environmental and Social Policy and Gender Policy of the Fund?</p>	<p><b>Not clear.</b></p> <p>Target beneficiaries, presence of vulnerable and marginalized group including gender disaggregated data has not been provided.</p> <p><b>CR8:</b> provide information on the expected beneficiaries of the project, with particular reference to the equitable distribution of benefits to vulnerable communities, households, and individuals. In meeting this requirement, the project should demonstrate compliance with the environmental and social principles as outlined in the Adaptation Fund Environmental and Social Policy. It</p>	<p><b>CR8: Not Cleared.</b> The entity has proposed that the beneficiaries will be identified once they are presented in the call for proposals. At this stage, only a general description of the expected beneficiaries has been provided in Table 1 on pages 9-14. Page 30 demonstrates how the project is in compliance with the environmental and social principles as outlined in the Adaptation Fund Environmental and Social Policy.</p> <p>Please provide information on the expected beneficiaries of the EDA programme, with particular reference to the equitable distribution of benefits to vulnerable communities, households,</p>

		<p>should also demonstrate compliance with the Fund's Gender Policy.</p> <p><b>CAR1:</b> Please include an initial gender analysis and/or assessment to determine the different needs, capabilities, roles and knowledge resources of women and men, and/or identify how changing gender dynamics might drive lasting change.</p>	<p>and individuals, particularly to vulnerable communities</p> <p><b>CAR 1:Not Cleared.</b>While an initial gender assessment at the national level is included on pg. 24-26, at concept stage the gender assessment needs to be narrowed down to the impacted communities and vulnerable groups the interventions are aimed at.</p> <p>Please include an initial gender assessment clearly including the impacts on the targeted communities.</p>
	<p>5. Is the project / programme cost effective?</p>	<p><b>Not clear,</b> needs more elaboration.</p> <p>The project does not provide a clear description of the alternative options to the proposed measures.</p> <p><b>CR9:</b> Please provide a clear description of alternative options to the proposed measures that would receive the same outcome, including how proposed cost effectiveness is ideal from a sustainability point of view.</p>	<p><b>CR9: Not Cleared.</b> The entity has proposed to present the detailed solutions to the thematic areas to be analysed in the technical assessment phase of the grant appraisal procedure.</p> <p>There is no description of how the adaptation objectives of the EDA approach could have been reached using alternative approaches. Please provide a clear description of alternative options to the proposed measures, that includes comparison to other possible interventions that could have taken place to help adapt and build resilience of the target beneficiaries and provide quantitative estimates where feasible and useful.</p>

	6. Is the project / programme consistent with national or sub-national sustainable development strategies, national or sub-national development plans, poverty reduction strategies, national communications and adaptation programs of action and other relevant instruments?	<p><b>Not clear.</b></p> <p>However, it has not been described in detail how it is consistent with any of them; they are simply listed.</p> <p><b>CR10:</b> Please provide more detailed explanation of how the project is consistent with the other identified policies and strategies</p>	<p><b>CR 10: Cleared,</b> as per details on pages 27-29. More details have been provided explaining alignment with Peru's national and sub-national plans and strategies.</p>
	7. Does the project / programme meet the relevant national technical standards, where applicable, in compliance with the Environmental and Social Policy of the Fund?	<p><b>Not clear.</b></p> <p><b>CR11:</b> Please explain in detail how compliance with relevant technical standards will be met, for example, to address environmental assessments, or land use or tenure regulations, as required by national or sector specific regulations.</p>	<p><b>CR 11: Cleared,</b> as per details on pages 29-30.</p>
	8. Is there duplication of project / programme with other funding sources?	<p><b>Not clear.</b> There is some discussion on pg. 16 but it is incomplete.</p> <p><b>CR12:</b> Please include a clear presentation of the location of the conservation areas for projects under 1. and 2. to ensure no overlap.</p>	<p><b>CR12: Cleared.</b></p>
	9. Does the project / programme have a learning and knowledge management component to capture and feedback lessons?	<p><b>Yes,</b> as described on pg. 16</p> <p>At the full proposal stage, please include a knowledge dissemination strategy for the vulnerable communities in the affected area as well.</p>	<p>-</p>

	<p>10. Has a consultative process taken place, and has it involved all key stakeholders, and vulnerable groups, including gender considerations in compliance with the Environmental and Social Policy and Gender Policy of the Fund?</p>	<p><b>Not clear.</b> As described on pgs. 16 and 17, a preliminary consultation has taken place with Profonanpe, MINAM and SERNANP. However, a comprehensive, gender-responsive consultative process must be undertaken, and must involve all direct and indirect stakeholders of the project, including vulnerable groups and taking into account gender considerations. Please ensure that all the stakeholders involved in the consultation process are identified in the project proposal with attention to minority groups, marginalized and vulnerable groups, and indigenous people in the project target areas, where relevant.</p> <p><b>CAR2:</b> Please identify all stakeholders involved in the projects and include a consultation report as an annex including the list of stakeholders already consulted (principles of choice, role ascription, date of consultation). A description of consultation techniques (tailored specifically per target group), key findings (in particular suggestions and concerns raised). Please also include under project implementation arrangements, a framework that allows for stakeholders' views to be heard during project implementation.</p>	<p><b>CAR 2: Not Cleared.</b> The entity proposed that a detailed consultation process will be executed for the development of the Full Proposal including: MIDAGRI, ANA, Indigenous organizations, producer associations, unions, academia, and the private sector. At this stage, only consultations with MINAM have been made.</p>
	<p>11. Is the requested financing justified on the basis of full cost of adaptation reasoning?</p>	<p><b>Not clear.</b></p> <p><b>CR12:</b> Please provide a clear description of how proposed activities</p>	<p><b>CR 12: Not Cleared.</b> While the future benefits are listed on page 32, no description has been provided in the concept note of how the proposed</p>

		<p>are relevant in addressing the project's adaptation objectives and that, taken solely, without additional leveraged funding from the targeted beneficiaries the proposed activities would help achieve project objectives. In doing this, please clearly describe how Adaptation Fund project will deliver its outcomes and outputs regardless of the requirement for finance leveraged from other sources.</p>	<p>activities are relevant in addressing the project's adaptation objectives. However, the entity explained the rationale and provided a brief description in the response to the initial technical review. The entity noted the following:</p> <p>The proposed activities of the EDA are expected to promote decision-making in the programming of internationally allocated funds to the national and sub-national levels. The screening, review and selection of projects will be done by Profonanpe, as national implementing entity and the key multisector stakeholders involved in the prioritized adaptation measures implementation.</p> <p>The EDA activities include capacity building for local organizations to develop robust proposals for adaptation solutions, as well as dissemination of sub-project results and shared lessons learned on EDA.</p> <p>In addition, the project will strength capacity of Profonanpe to review and approve proposals under EDA as well as will increase readiness and capacity to directly access and programme adaptation finance. The latter will promote the investment in evidence-based and prioritized adaptation measures for the country in the thematic areas of water, forests and</p>
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			<p>agriculture that will reduce exposure and vulnerability of water supply or agricultural emergencies.</p> <p>The sub grants delivered by the EDA will finance the proposed activities by local organizations evaluated according to the EDA grant appraisal process, even without the potential leveraged expected for the sub projects, The Adaptation Fund resources will deliver the outcomes and outputs of the proposal.</p> <p>Please link expected project outcomes to the adaptation objectives of the EDA model and approach, and clearly articulate how outcomes will be achieved regardless of the requirement for finance leveraged from other sources.</p>
	<p>12. Is the project / program aligned with AF's results framework?</p>	<p>Not clear.</p> <p><b>CAR3:</b> Please include alignment with the AF Strategic Results Framework in the description of components.</p>	<p><b>CAR 3: Cleared.</b> The project is aligned with outcome 2. (page 23).</p>
	<p>13. Has the sustainability of the project/programme outcomes been taken into account when designing the project?</p>	<p><b>Not clear.</b> Some details are provided with regard to local communities' sustainability, sustainability at the sub-national and national level and participation of academia and research centers.</p>	<p><b>CR 13: Not Cleared.</b> Whilst a brief description has been provided in the response to the initial technical review on how built capacity will remain beyond the project lifespan, it is not clearly explained in the concept note. (pages 32-33)</p>

		<p><b>CR13:</b> Please provide a clear description of how the adaptation benefits achieved with the help of the project can be sustained after its end, and possibly enable replication and scaling up with other funds after its end. Please explain the arrangements through which this would be achieved, considering sustainability of any proposed interventions.</p> <p><b>CR14:</b> Please clearly describe and address all key areas of sustainability, including but not limited to economic, social, environmental, institutional, and financial sustainability.</p>	<p>Please revise the section and provide a clear description of the arrangements through which adaptation benefits beyond the project lifespan would be achieved, considering sustainability of any proposed interventions.</p> <p><b>CR14: Cleared</b>, as described in page 33.</p>
	<p>14. Does the project / programme provide an overview of environmental and social impacts / risks identified, in compliance with the Environmental and Social Policy and Gender Policy of the Fund?</p>	<p><b>Not clear.</b> A checklist of environmental and social principles is included in on pages 18. However, risk finding are not evidence based, there is no description or initial assessment of gender considerations.</p> <p><b>CAR4:</b> Please include the risk category (A, B or C).</p> <p><b>CAR5:</b> Please revise the risk screening table such that the focus is on the risk of negative impacts, and not about the outcome of the balance of negative impacts and positive outcomes. The focus of the section of the proposal on environmental and social risks should be on the risks of unwanted negative impacts. Please do not weigh the risk of</p>	<p><b>CAR 4: Cleared.</b> The proposal has been classified as Category B, as sub projects have been identified to have potential limited adverse environmental or social risks and/or impacts that can be readily addressed through mitigation measures. (Page 33)</p> <p><b>CAR 5: Not Cleared.</b> The risk table still largely focuses on the balance of negative impacts and positive outcomes, instead of the risk of negative impacts or unwanted negative impacts. Please revise the risk screening table such that focus is on the risk of negative impacts, explaining in detail what the risks are, and assumptions in</p>

		<p>such negative impacts against the expected positive outcomes. This section needs to explain in detail what the risks are, and assumptions in the risk assessment need to be stated and justified. To the greatest extent possible, interpretation needs to be separate from the presentation of facts and data. Knowledge gaps should be identified, and where these prevent adequate risk assessment, an explanation should be included on how this was addressed.</p> <p>We suggest using the following guidance case studies to help complete this section. <a href="https://www.adaptation-fund.org/document/environmental-social-and-gender-policy-case-studies/">https://www.adaptation-fund.org/document/environmental-social-and-gender-policy-case-studies/</a></p> <p>Please note that <u>for the fully developed proposal</u>, an ESMP must be submitted that</p> <ul style="list-style-type: none"><li>- Provides a detailed description of the process that will be applied during project implementation to ensure that all USPs comply with the AF ESP.</li><li>- Contains clearly allocated roles and responsibilities for its implementation,</li><li>- Includes opportunities for consultation and adaptive management, clear</li></ul>	<p>the risk assessment need to be stated and justified.</p>
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		<p>arrangements for the IE to supervise executing entities for implementation of the ESMP, a clear description of the grievance mechanism in place, mentioning all parts of the grievance process, including where grievances can be addressed and clear monitoring and evaluation arrangements for ESP compliance.</p> <p>Includes a budget provision for implementation of the ESMP should also be provided in the detailed budget section of the proposal.</p>	
Resource Availability	1. Is the requested project / programme funding within the cap of the country?	<p><b>No.</b> The requested funding is USD 5,465,145 which exceeds the project cap of USD 5 million for the EDA funding window.</p> <p><b>CAR6:</b> Please revise the budget to fall in line with the country cap of USD 5 million for the EDA funding window. For more information, please see link attached: <a href="https://www.adaptation-fund.org/apply-funding/enhanced-direct-access-eda-grants/">https://www.adaptation-fund.org/apply-funding/enhanced-direct-access-eda-grants/</a></p>	<b>CAR 6: Cleared</b> , as presented on page 6.
	2. Is the Implementing Entity Management Fee at or below 10 per cent of the total project/programme budget before the fee?	<p><b>Yes.</b> The Implementing Entity fee is within the cap and is 8.5%.</p>	-

	<p>3. Are the Project/Programme Execution Costs at or below 12 per cent of the total project/programme budget (including the fee)?</p>	<p><b>Yes.</b> The Executing Entity is different from the IE and the fee is 8.67%.</p> <p><b>CAR7:</b> Kindly justify HELVETAS Swiss Intercooperation as the executing entity. Please confirm/clarify whether the proposed executing entity has a country office in Peru which has the capacity to execute the project.</p>	<p><b>CAR 7: Cleared.</b> The entity has requested the Secretariat to review the CAR that the executing entity is the same as the Implementing Entity, which is Profonanpe. However, it must be noted that in the previously submitted concept note, the entity had mentioned HELVETAS as the executing entity.</p>
<p>Eligibility of IE</p>	<p>1. Is the project/programme submitted through an eligible Implementing Entity that has been accredited by the Board?</p>	<p><b>Yes.</b></p>	
<p>Implementation Arrangements</p>	<p>1. Is there adequate arrangement for project / programme management, in compliance with the Gender Policy of the Fund?</p>	<p>n/a at concept stage</p>	
	<p>2. Are there measures for financial and project/programme risk management?</p>	<p>n/a at concept stage</p>	
	<p>3. Are there measures in place for the management of for</p>	<p>n/a at concept stage</p>	

	environmental and social risks, in line with the Environmental and Social Policy and Gender Policy of the Fund?		
	4. Is a budget on the Implementing Entity Management Fee use included?	n/a at concept stage	
	5. Is an explanation and a breakdown of the execution costs included?	n/a at concept stage	
	6. Is a detailed budget including budget notes included?	n/a at concept stage	
	7. Are arrangements for monitoring and evaluation clearly defined, including budgeted M&E plans and sex-disaggregated data, targets and indicators, in compliance with the Gender Policy of the Fund?	n/a at concept stage	
	8. Does the M&E Framework include a break-down of how implementing entity IE fees will be utilized in the supervision of the M&E function?	n/a at concept stage	
	9. Does the project/programme's	n/a at concept stage	

	results framework align with the AF's results framework? Does it include at least one core outcome indicator from the Fund's results framework?		
	10. Is a disbursement schedule with time-bound milestones included?	n/a at concept stage	



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## ADAPTATION FUND BOARD SECRETARIAT TECHNICAL REVIEW OF PROJECT/PROGRAMME PROPOSAL

PROJECT/PROGRAMME CATEGORY: EDA - Regular-sized Project Concept

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**Country/Region:** Peru  
**Project Title:** Fund for innovative solutions in adaptation in Peru  
**Thematic Focal Area:** Multisector project  
**Implementing Entity:** Peruvian Trust Fund for National Parks and Protected Areas (PROFONANPE)  
**Executing Entities:** Profonanpe  
**AF Project ID:**  
**IE Project ID:** **Requested Financing from Adaptation Fund (US Dollars):** 5,000,000  
**Reviewer and contact person:** Cristina Dengel **Co-reviewer(s):** Ishani Debnath  
**IE Contact Person:**

### Technical Summary

The EDA project “Fund for innovative solutions in adaptation in Peru” aims to increase the population's capacity to adapt to climate change through the financing of adaptation measures prioritised in the NDCs in the areas of water, forests and agriculture.

#### Project/Programme Background and Context:

Component 1: Training and technical advice for the development of proposals and project management. (USD 277,250.00)

Component 2: Review and approval of proposals under EDA guidelines. (USD 83,260.00)

Component 3: Management of EDA grants (USD 4,179,682).

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Implementing Fee: USD 391,705.06

Financing Requested: USD 5,000,000.00

	<p>The proposal does not include a request for a project formulation grant and/or project formulation assistance grant.</p> <p>The initial technical review raises some issues, such as the adaptation objective, EDA rational in addressing the identified capacity gaps in the targeted communities and concreteness of proposed activities, cost effectiveness, adequate stakeholder consultations, identification, screening and addressing of environmental and social risks in line with the Adaptation Fund ESP, gender considerations and exceeding the limit of the project cap funding under the EDA window as is discussed in the number of Clarification Requests (CRs) and Corrective Action Request (CAR) raised in the review.</p>
Date:	25 January 2022

Review Criteria	Questions	Comments	Response
Country Eligibility	3. Is the country party to the Kyoto Protocol?	<b>Yes</b>	<b>NA.</b>
	4. Is the country a developing country particularly vulnerable to the adverse effects of climate change?	<b>Yes.</b> The Andean ecosystems of Peru and the population who live there are highly vulnerable to the climate change, particularly to drought (Central and Southern Andes), threats to the communities' productive systems linked to agriculture and livestock. (pages 1-5)	<b>NA.</b>
Project Eligibility	15. Has the designated government authority for the Adaptation Fund endorsed the project/programme?	<b>Yes</b> , as seen in the LoE signed Jan 10, 2022.	<b>NA.</b>
	16. Does the length of the proposal amount to no more than Fifty pages for the project/programme concept, including its annexes?	<b>Yes.</b> The length of the proposal is 21 pages, including Annexes and LoE.	<b>NA.</b>

	<p>17. Does the project / programme support concrete adaptation actions to assist the country in addressing adaptive capacity to the adverse effects of climate change and build in climate resilience?</p>	<p><b>Not clear.</b></p> <p>The project does not describe concrete characteristics of activities that could be funded or funding windows that may be financed through the EDA mechanism. The EDA mechanism that will be employed under each component how the funds will flow, who the exact target groups (vulnerable groups, CSOs, etc.) are unclear.</p> <p><b>CR1:</b> Please provide specifics on the target areas, including actual and projected climate impact in the target areas and location specific vulnerabilities.</p> <p><b>CR2:</b> Please explain the EDA rationale in relation to the climate scenario outlined in the background section of the proposal</p> <p><b>CR3:</b> Please clearly identify the target communities and explain the specific adaptation challenges faced by the target communities. Please also clarify how the EDA mechanism will lead to increased resilience and reduced vulnerability of the target group</p> <p><b>CR4:</b> Please provide an explanation and description of why an EDA mechanism would be best in addressing</p>	<p><b>CR1:</b> Table 1 has been added with Measure's climate characteristic to be financed by the EDA mechanism</p> <p><b>CR2:</b> The implementation of the EDA mechanism will make possible the reduction of population's vulnerability due to the increase in their capacity to identify and understand the impacts of climate change on their livelihoods, and consequently to design and implement innovative adaptation solutions to increase the available water supply affected in recent decades due to the increase in temperature, as well as improving agricultural and livestock productivity that has been and will continue to be affected by the droughts and heavy rains. The main vulnerable populations exposed to climate change are women, girls, boys and adults who belong to small-scale agriculture. Likewise, the implementation of the EDA seeks to address the enabling condition of the lack of financial mechanisms for the implementation of innovative solutions.</p> <p><b>CR3:</b> At this level, under the EDA modality, a general target population and geographic scope have been identified in table 1, since the</p>
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		<p>the adaptation challenges and needs identified in the proposal.</p> <p><b>CR5:</b> Please provide details on the funding model and how will it work - process for developing specific funding requests and proposals made by local beneficiaries at the subnational level, including the review and decision-making process for those requests.</p> <p><b>CR6:</b> Please clarify whether the EDA funding mechanism through PROFONANPE will be doing on-granting or loans or a mix.</p> <p><b>CR7:</b> Since the project includes a funding mechanism for finding local projects, activities are unidentified at this stage. Therefore, please clarify (1) the process for grant selection, (2) the selection criteria, (3) how women, girls and youth and other vulnerable groups will be considered, (4) identify themes and characteristics of activities that could be funded through the mechanism the EDA mechanism.</p>	<p>mechanism will identify beneficiaries once they are presented in the call for proposals. The adaptation challenges faced are described in Table 1.</p> <p><b>CR4:</b> The EDA mechanism is the best option to address the barriers identified (enabling conditions) in the National Adaptation Plan of Peru because it provides a flow of local financing for adaptation, as well as technical assistance and training for the identification of the impacts of the climate change and the reduction of the vulnerability of local populations, mainly women and indigenous communities through the implementation of strategic production chains in peasant and native communities, implementation of adaptive technological innovation services in agricultural value chains, improvement of provision of water service and water security in hydrographic basins vulnerable to climate change.</p> <p><b>CR5:</b> The EDA Grant Appraisal Procedure has been added in Component 1 description and the flow of funds scheme has been included in Component 3 description.</p> <p><b>CR6:</b> The EDA funding mechanism will be doing on-granting.</p>
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	<p>18. Does the project / programme provide economic, social and environmental benefits, particularly to vulnerable communities, including gender considerations, while avoiding or mitigating negative impacts, in compliance with the Environmental and Social Policy and</p>	<p><b>Not clear.</b></p> <p>Target beneficiaries, presence of vulnerable and marginalized group including gender disaggregated data has not been provided.</p> <p><b>CR8:</b> provide information on the expected beneficiaries of the project, with particular reference to the equitable distribution of benefits to vulnerable communities, households, and individuals. In meeting this requirement,</p>	<p><b>CR8:</b> As mentioned before, the expected beneficiaries, in general terms, are described in table 1, since the mechanism will identify beneficiaries once they are presented in the call for proposals.</p> <p>As described in the background section and the initial gender analysis, women and vulnerable populations are the main affected by the climate change impacts,</p>

	<p>Gender Policy of the Fund?</p>	<p>the project should demonstrate compliance with the environmental and social principles as outlined in the Adaptation Fund Environmental and Social Policy. It should also demonstrate compliance with the Fund's Gender Policy.</p> <p><b>CAR1:</b> Please include an initial gender analysis and/or assessment to determine the different needs, capabilities, roles and knowledge resources of women and men, and/or identify how changing gender dynamics might drive lasting change.</p>	<p>so the activities to be financed by the EDA will address this issue.</p> <p>Likewise, the activities of the subprojects will promote the participation of women in all aspects that entail their implementation, generating equal opportunities and equitable power relations that shorten social gender gaps.</p> <p>The subprojects will comply with the unrestricted respect for the existing environmental, social and labour regulations in the country, as well as the specific regulations related to their intervention activities. Likewise, they will respect human rights, with special attention to the rights of children and adolescents.</p> <p>None of the sub-projects managed by the EDA can violate the environmental, social, labour, human rights requirements, or the regulations binding on the specificity of the activity.</p> <p>They will be selected according to established criteria so that they meet minimum environmental, technical and social standards that will be aligned to the Social and Environmental Safeguards Policy of Profonampe and the Environmental and Social Policy of the Adaptation Fund.</p>
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			<b>CAR 1:</b> An initial gender analysis has been added in literal B.
	19. Is the project / programme cost effective?	<p><b>Not clear</b>, needs more elaboration.</p> <p>The project does not provide a clear description of the alternative options to the proposed measures.</p> <p><b>CR9:</b> Please provide a clear description of alternative options to the proposed measures that would receive the same outcome, including how proposed cost effectiveness is ideal from a sustainability point of view.</p>	<p><b>CR9:</b> The EDA mechanism will deliver grants to sub projects through a call for proposals. So, the detailed solutions for the thematic areas proposed will be analysed in the technical assessment phase of the grant appraisal procedure. We have added as a criteria of evaluation the cost-effective approach of the subprojects presented to the EDA in order to approve activities that will be the better option to address adaptation solutions.</p>
	20. Is the project / programme consistent with national or sub-national sustainable development strategies, national or sub-national development plans, poverty reduction strategies, national communications and adaptation programs of action and other relevant instruments?	<p><b>Not clear.</b></p> <p>However, it has not been described in detail how it is consistent with any of them; they are simply listed.</p> <p><b>CR10:</b> Please provide more detailed explanation of how the project is consistent with the other identified policies and strategies</p>	<p><b>CR 10:</b> A detailed explanation has been added in literal D, part II.</p>

	21. Does the project / programme meet the relevant national technical standards, where applicable, in compliance with the Environmental and Social Policy of the Fund?	<b>Not clear.</b>  <b>CR11:</b> Please explain in detail how compliance with relevant technical standards will be met, for example, to address environmental assessments, or land use or tenure regulations, as required by national or sector specific regulations.	<b>CR 11:</b> A detailed explanation has been added in literal E, part II.
	22. Is there duplication of project / programme with other funding sources?	<b>Not clear.</b> There is some discussion on pg. 16 but it is incomplete. <b>CR12:</b> Please include a clear presentation of the location of the conservation areas for projects under 1. and 2. to ensure no overlap.	<b>CR12:</b> We kindly ask AF Sec to review the Clarification Request since it seems to be for the other proposal presented by Profonanpe.
	23. Does the project / programme have a learning and knowledge management component to capture and feedback lessons?	<b>Yes,</b> as described on pg. 16  At the full proposal stage, please include a knowledge dissemination strategy for the vulnerable communities in the affected area as well.	<b>NA.</b>
	24. Has a consultative process taken place, and has it involved all key stakeholders, and vulnerable groups, including gender considerations in compliance with the Environmental and Social Policy and Gender Policy of the Fund?	<b>Not clear.</b> As described on pgs. 16 and 17, a preliminary consultation has taken place with Profonanpe, MINAM and SERNANP. However, a comprehensive, gender-responsive consultative process must be undertaken, and must involve all direct and indirect stakeholders of the project, including vulnerable groups and taking into account gender considerations. Please ensure that all the stakeholders involved in the consultation process are identified in the project proposal with attention to minority groups, marginalized and	<b>CAR 2:</b> We kindly ask AF Sec to review the Corrective Action Request, since the EDA doesn't work with SERNANP. As mentioned in the proposal, the consultations with the technical team of MINAM's Directorate of Adaptation to Climate Change and Desertification have been made. A defined consultation process will be executed for the development of the Full Proposal considering actors like: MIDAGRI, ANA, Indigenous organizations, producer associations, unions, academia, and the private sector.

		<p>vulnerable groups, and indigenous people in the project target areas, where relevant.</p> <p><b>CAR2:</b> Please identify all stakeholders involved in the projects and include a consultation report as an annex including the list of stakeholders already consulted (principles of choice, role ascription, date of consultation). A description of consultation techniques (tailored specifically per target group), key findings (in particular suggestions and concerns raised). Please also include under project implementation arrangements, a framework that allows for stakeholders' views to be heard during project implementation.</p>	
	<p>25. Is the requested financing justified on the basis of full cost of adaptation reasoning?</p>	<p><b>Not clear.</b></p> <p><b>CR12:</b> Please provide a clear description of how proposed activities are relevant in addressing the project's adaptation objectives and that, taken solely, without additional leveraged funding from the targeted beneficiaries the proposed activities would help achieve project objectives. In doing this, please clearly describe how Adaptation Fund project will deliver its outcomes and outputs regardless of the requirement for finance leveraged from other sources.</p>	<p><b>CAR 12:</b> The proposed activities of the EDA are expected to promote decision-making in the programming of internationally allocated funds to the national and sub-national levels. The screening, review and selection of projects will be done by Profonanpe, as national implementing entity and the key multisector stakeholders involved in the prioritized adaptation measures implementation.</p> <p>The EDA activities include capacity building for local organizations to develop robust proposals for adaptation solutions, as well as dissemination of</p>

			<p>sub-project results and shared lessons learned on EDA.</p> <p>In addition, the project will strength capacity of Profonanpe to review and approve proposals under EDA as well as will increase readiness and capacity to directly access and programme adaptation finance. The latter will promote the investment in evidence-based and prioritized adaptation measures for the country in the thematic areas of water, forests and agriculture that will reduce exposure and vulnerability of water supply or agricultural emergencies.</p> <p>The sub grants delivered by the EDA will financed the proposed activities by local organizations evaluated according to the EDA grant appraisal process, even without the potential leveraged expected for the sub projects, The Adaptation Fund resources will deliver the outcomes and outputs of the proposal.</p>
	26. Is the project / program aligned with AF's results framework?	<p>Not clear.</p> <p><b>CAR3:</b> Please include alignment with the AF Strategic Results Framework in the description of components.</p>	<p><b>CAR 3:</b> The alignment table has been included in literal A. part II.</p>
	27. Has the sustainability of the project/programme outcomes been taken into account when designing the project?	<p><b>Not clear.</b> Some details are provided with regard to local communities' sustainability, sustainability at the sub-national and national level and</p>	<p><b>CR 13:</b> Each sub-grant will have to include an exit strategy, to demonstrate the long-term sustainability of the proposed project intervention and how</p>

		<p>participation of academia and research centers.</p> <p><b>CR13:</b> Please provide a clear description of how the adaptation benefits achieved with the help of the project can be sustained after its end, and possibly enable replication and scaling up with other funds after its end. Please explain the arrangements through which this would be achieved, considering sustainability of any proposed interventions.</p> <p><b>CR14:</b> Please clearly describe and address all key areas of sustainability, including but not limited to economic, social, environmental, institutional, and financial sustainability.</p>	<p>the project will provide long-term resilience to the identified beneficiaries.</p> <p>Also the exit strategy of the EDA will be achieved through identification and mobilization of additional resources during implementation, this can be resources leveraged to the EDA or through sub project level, according to its activities and stakeholders involved.</p> <p>As mentioned before, the prioritized measures in the thematic areas of water, forests and agricultural were defined by the government as the Paris Agreement commitment, consequently, one complementary source for the sub projects will be national budget and also resources from International Cooperation that will allow the sub projects to be sustainable in time.</p> <p>The results of the implemented NDC, financed by the EDA, will be reported national and international to the UNFCCC, and is expected that the ambition of the NDC will increased, so the subprojects financed by the Adaptation Fund will have potential to be replicable and scaled up, in order to achieve more results.</p> <p>Additionally, the EDA capacity building activities will promote local track record in development adaptation proposals capacities, that will allow local</p>
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			<p>organizations to scale up their interventions.</p> <p>Profonampe, as the Peruvian environmental fund, will identified other financial mechanisms in the institution that can be similar or complementary to the EDA in order to potential its sustainability.</p> <p><b>CR14:</b> Additional information has been added in literal J. section II.</p>
	<p>28. Does the project / programme provide an overview of environmental and social impacts / risks identified, in compliance with the Environmental and Social Policy and Gender Policy of the Fund?</p>	<p><b>Not clear.</b> A checklist of environmental and social principles is included in on pages 18. However, risk finding are not evidence based, there is no description or initial assessment of gender considerations.</p> <p><b>CAR4:</b> Please include the risk category (A, B or C).</p> <p><b>CAR5:</b> Please revise the risk screening table such that the focus is on the risk of negative impacts, and not about the outcome of the balance of negative impacts and positive outcomes. The focus of the section of the proposal on environmental and social risks should be on the risks of unwanted negative impacts. Please do not weigh the risk of such negative impacts against the expected positive outcomes. This section needs to explain in detail what the risks are, and assumptions in the risk assessment</p>	<p><b>CAR 4:</b> It has been included in literal K. section II.</p> <p><b>CAR 5:</b> The risk screening table has been updated.</p>



		<p>need to be stated and justified. To the greatest extent possible, interpretation needs to be separate from the presentation of facts and data. Knowledge gaps should be identified, and where these prevent adequate risk assessment, an explanation should be included on how this was addressed.</p> <p>We suggest using the following guidance case studies to help complete this section. <a href="https://www.adaptation-fund.org/document/environmental-social-and-gender-policy-case-studies/">https://www.adaptation-fund.org/document/environmental-social-and-gender-policy-case-studies/</a></p> <p>Please note that <u>for the fully developed proposal</u>, an ESMP must be submitted that</p> <ul style="list-style-type: none"><li>- Provides a detailed description of the process that will be applied during project implementation to ensure that all USPs comply with the AF ESP.</li><li>- Contains clearly allocated roles and responsibilities for its implementation,</li><li>- Includes opportunities for consultation and adaptive management, clear arrangements for the IE to supervise executing entities for implementation of the ESMP, a clear description of the grievance mechanism in place,</li></ul>	
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		<p>mentioning all parts of the grievance process, including where grievances can be addressed and clear monitoring and evaluation arrangements for ESP compliance.</p> <p>Includes a budget provision for implementation of the ESMP should also be provided in the detailed budget section of the proposal.</p>	
Resource Availability	4. Is the requested project / programme funding within the cap of the country?	<p><b>No.</b> The requested funding is USD 5,465,145 which exceeds the project cap of USD 5 million for the EDA funding window.</p> <p><b>CAR6:</b> Please revise the budget to fall in line with the country cap of USD 5 million for the EDA funding window. For more information, please see link attached: <a href="https://www.adaptation-fund.org/apply-funding/enhanced-direct-access-eda-grants/">https://www.adaptation-fund.org/apply-funding/enhanced-direct-access-eda-grants/</a></p>	<b>CAR 6:</b> The amount of financing requested was USD 5,000,000 as presented in page 6. We kindly ask the AF Sec to review the Corrective Action Request, since the amount of USD 5,465,145 belongs to the other proposal presented by Profonanpe.
	5. Is the Implementing Entity Management Fee at or below 10 per cent of the total project/programme budget before the fee?	<b>Yes.</b> The Implementing Entity fee is within the cap and is 8.5%.	
	6. Are the Project/Programme Execution Costs at or below 12 per cent of the total project/programme	<b>Yes.</b> The Executing Entity is different from the IE and the fee is 8.67%.	The executing entity is the same as the Implementing Entity, in this case is Profonanpe.

	budget (including the fee)?	<b>CAR7:</b> Kindly justify HELVETAS Swiss Intercooperation as the executing entity. Please confirm/clarify whether the proposed executing entity has a country office in Peru which has the capacity to execute the project.	<b>CAR 7:</b> We kindly ask the AF Sec to review the Corrective Action Request, since in this projects there is no participation of HELVETAS.
Eligibility of IE	2. Is the project/programme submitted through an eligible Implementing Entity that has been accredited by the Board?	<b>Yes.</b>	
Implementation Arrangements	11. Is there adequate arrangement for project / programme management, in compliance with the Gender Policy of the Fund?	n/a at concept stage	
	12. Are there measures for financial and project/programme risk management?	n/a at concept stage	
	13. Are there measures in place for the management of for environmental and social risks, in line with the Environmental and Social Policy and	n/a at concept stage	

	Gender Policy of the Fund?		
	14. Is a budget on the Implementing Entity Management Fee use included?	n/a at concept stage	
	15. Is an explanation and a breakdown of the execution costs included?	n/a at concept stage	
	16. Is a detailed budget including budget notes included?	n/a at concept stage	
	17. Are arrangements for monitoring and evaluation clearly defined, including budgeted M&E plans and sex-disaggregated data, targets and indicators, in compliance with the Gender Policy of the Fund?	n/a at concept stage	
	18. Does the M&E Framework include a break-down of how implementing entity IE fees will be utilized in the supervision of the M&E function?	n/a at concept stage	
	19. Does the project/programme's results framework align with the AF's results framework? Does it include at least one core	n/a at concept stage	

	outcome indicator from the Fund's results framework?		
	20. Is a disbursement schedule with time-bound milestones included?	n/a at concept stage	