AFB/PPRC.33/23
26 March 2024

Adaptation Fund Board
Project and Programme Review Committee
Thirty-third Meeting
Bonn, Germany, 16-17 April 2024

Agenda item 7.

REPORT OF THE SECRETARIAT ON INITIAL SCREENING/TECHNICAL REVIEW OF ENHANCED DIRECT ACCESS PROJECT 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 enhanced direct access project proposals submitted by National Implementing Entities (NIEs) to the current meeting, and the process of screening and technical review undertaken by the secretariat.

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

3. At its thirtieth meeting, having considered document AFB/B.30/5/Rev.1, the 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)

4. 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.

5. 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.

6. At its thirty-first meeting, the 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)

7. 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)

8. 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)

9. 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.

Rolling Submission Process

10. At its thirtieth meeting, the PPRC considered and discussed the document AFB/PPRC.30/55 concerning options for supporting the work of the Project and Programme Review Committee. Having considered the document, the Project and Programme Review Committee recommended, and the Adaptation Fund Board (the Board) decided:

(a) To invite the implementing entities of the Adaptation Fund to submit, on a rolling basis as described under option 3 in document AFB/PPRC.30/55, proposals for projects or programmes under the innovation, enhanced direct access, learning and scale-up grants funding windows, on a pilot basis;

(b) To request the secretariat to prepare a report on the pilot phase to-date, with a view to considering potential changes to the Operational Policies and Guidelines (OPG), as appropriate, and taking into consideration the developments related to the new Medium-Term Strategy (2023-2027), as well as any other relevant developments;

(c) To request the secretariat to present the report at the thirty-first meeting of the PPRC with a recommendation concerning the next decision regarding the pilot phase.

(Decision B.39/53)

11. At its thirty-first meeting, the PPRC considered and discussed the document AFB/PPRC.31/60, concerning options for further supporting the work of the Project and Programme Review Committee. Having considered the document, the Project and Programme Review Committee recommended, and the Adaptation Fund Board (the Board) decided:

(a) To extend the piloting of the rolling-basis submissions, in line with the elements described and improvements suggested under paragraph 18 of document AFB/PPRC.31/60, to concrete adaptation projects under the action pillar of the Adaptation Fund's medium-term strategy for 2023–2027 (single country and regional projects);

(b) To invite the implementing entities of the Adaptation Fund to submit, on a rolling basis, proposals for projects or programmes under all funding windows;

(c) To request the secretariat:

(i) To prepare a progress report on the implementation of the pilot with further recommendations for improvement, as appropriate, taking into consideration the developments related to the new medium-term strategy (2023–2027), as well as any other relevant developments;

(ii) To develop proposals for updating the Operational Policies and Guidelines for Parties to Access Resources from the Adaptation Fund, as well as any other policies or guidance that may be affected by the new review process;

(iii) To present the documents referred to under subparagraphs (c) (i) and (ii) above, to the Project and Programme Review Committee at its thirty-second meeting.

(Decision B.40/59)

12. At its fort-first meeting, the Board approved the proposal for harmonization of implementing entity (IE) fees and execution costs as presented in paragraph 38 of document AFB/PPRC/32/22. Accordingly, through Decision B.41/20, IE fees for single country projects and programmes are capped at 8.5% of the total project/programme cost for all funding windows. Where the EE is different from the IE, the execution costs are capped at 9.5% of total project/programme costs for all single-country projects across funding windows. For EDA and innovation projects, reflecting the need for added flexibility, IEs are required to provide justification as part of its proposal submission if requesting costs beyond the cap on a case-by case basis.

13. The principle of separation between implementing and execution services is maintained and that execution costs are capped at 1.5% if IE executes the projects or part of it pursuant to Decisions B.17/17, B.18/30 and, also recalling the option of flexibility with justifications on a case-by-case basis, Decision B.38/42.

14. In line with Document AFB/PPRC.31/60, only those proposals will be presented to the PPRC that are technically recommended for endorsement/approval or otherwise requested to be presented by Board members in accordance with Decision B.34/50.

Table 1: Approved Proposals

Project name	Country	Implementing Entity	Funding (USD Millions)	Decision
Fully-developed proposal				
Rwanda Subnational Adaptation Fund EDA	Rwanda	MOE	4,998,812	Approved, AFB39

Building Community Resilience via Transformative Adaptation	Belize	PACT	5,000,000	Approved, AFB41
Total			9,995,812	

Table 2: Active pipeline[1] of Enhanced Direct Access projects

Project name	Country	Implementing Entity	Funding (USD Millions)	Decision
Fully-developed proposal				
Direct Access Program for financing climate change adaptation projects to increase the adaptive capacity and climate resilience of indigenous and Afro-descendant communities in the marine coastal region of the municipalities of Juan Francisco Bulnes and Brus Laguna in Honduras	Honduras	CASM	4,000,000	Proposal submitted, AFB 42
Fund for Innovative Adaptation in Vulnerable Ecosystems in Northern of Peru (Ancash, Cajamarca La Libertad and San Martin)	Peru	PROFONANPE	5,000,000	Proposal submitted, AFB 42 Endorsed, AFB39
Concept note proposals				
Armenia National Adaptation Funding Facility	Armenia	EPIU	4,760,000	Submitted, AFB42
Project to strengthen the resilience of local communities in the Bafing region made vulnerable due to farmer breeder conflicts exacerbated by the effects of climate change	Côte D'Ivoire	FIRCA	4,950,000	Submitted, AFB42
Total			**18,710,000**	

Table 3: Project formulation funding requests to-date

Project name	Country	Implementing Entity	Funding (USD)	
Armenia National Adaptation Funding Facility	Armenia	EPIU	50,000	Request submitted, AFB42
Project to strengthen the resilience of local communities in the Bafing region made vulnerable due to farmer breeder conflicts exacerbated by the effects of climate change	Côte D'Ivoire	FIRCA	50,000	Request submitted, AFB42
Total			**100,000**	

[1] Active pipeline includes projects and programmes that have been received during the preceding 12 months but that have not yet been approved by the Adaptation Fund Board as full proposals.

Enhanced Direct Access Proposals Submitted by National Implementing Entities

15. Accredited national implementing entities submitted four enhanced direct access project proposals to the secretariat amounting to US$ 18,810,000 which met the requirements for undergoing a complete technical review. These proposals included US$ 1,392,483 (average of 8.50%) in Implementing Entities management fees and US$ 874,303 or an average of 5.25% in execution costs (9.5% being the limit for execution costs for EDA projects, unless the IE is also executing, in which case the limit is 1.5%.).

16. The projects were submitted by the National Implementing Entities (NIEs) for Honduras, Peru, Armenia, and Côte D'Ivoire. The fully-developed proposals for Honduras and Peru and the concept note proposal for Amenia and Côte D'Ivoire are technically recommended and details of the proposal is contained in the separate PPRC working documents, as follows:

(a) Proposal for Enhanced Direct Access Grant for Honduras: AFB/PPRC.33/24

(b) Proposal for Enhanced Direct Access Grant for Peru: AFB/PPRC.33/25

(c) Proposal for Enhanced Direct Access Grant for Armenia: AFB/PPRC.33/26

(d) Proposal for Enhanced Direct Access Grant for Côte D'Ivoire: AFB/PPRC.33/27

Review Process

17. The secretariat subsequently reviewed the supplementary information provided by the NIEs and compiled a recommendation that is presented in the addendum to this document (AFB/PPRC.33/23/Add.1).

18. The eligible submission was posted online for public review and the Adaptation Fund's CSO network as well as members of the Board were notified and invited to provide comments within a specified time period.

Funding Available

19. So far, one EDA funding requests has been approved in Fiscal Year 2024 (FY24). US$ 25 million is available funding from the funding provision approved (Decision B.40/56) for Enhanced Direct Access grants at the fortieth meeting of the Board for FY24.

Issues Identified

20. No issues of note were identified during this review cycle.

Table 4: Enhanced Direct Access technically recommended proposal submitted to the forty-second Board meeting

9.Full Proposal: Enhanced Direct Access	Region/ Countries	IE	Number of Reviews conducted (AFB41-42)	PPRC Document Number	Grant Size, USD	IE Fee	IE Fee %	EC Costs	EC Costs %
NIE									
	Honduras	CASM	4	AFB/PPRC.33/24	4,000,000	313,000	8.49%	350,400	9.50%
	Peru	PROFONANPE	3	AFB/PPRC.33/25	5,000,000	391,705	8.50%	68,095	1.48%
Sub-total, USD					***9,000,000***				
10. Concept: Enhanced Direct Access	**Region/ Countries**	**IE**		**PPRC Document Number**	**Grant Size, USD**	**IE Fee**	**IE Fee %**	**EC Costs**	**EC%**
NIE									
	Armenia	EPIU	4	AFB/PPRC.33/26	4,760,000	300,000	6.73%%	60,000	1.35%
	Cote d'Ivoire	FIRCA	3	AFB/PPRC.33/27	4,950,000	387,778	8.50%	395,808	8.68%
Sub-total, USD					***9,710,000***				

11. Project Formulation Grants (PFG) Concept: Enhanced Direct Access	Region/ Countries	IE		PPRC Document Number	Grant Size, USD	IE Fee	IE Fee %	EC Costs	EC%
NIE									
	Armenia	EPIU	4	AFB/PPRC.33/26 /Add.1	50,000				
	Cote d'Ivoire	FIRCA	3	AFB/PPRC.33/27 /Add.1	50,000				
Sub-total, USD					***100,000***				
GRAND TOTAL (9+10+11)					**18,810,000**	**1,392,483**		**874,303**	