



ADAPTATION FUND

AFB/PPRC.34/11
16 September 2024

Adaptation Fund Board

Project and Programme Review Committee

Thirty-fourth Meeting

Bonn, Germany, 8-9 October 2024

Agenda item 16

FRAMEWORK APPROACH FOR BUNDLING SMALL INNOVATION AND LEARNING GRANTS

Introduction

1. At its thirty-ninth meeting in October 2022, having discussed the agenda item “Medium-term strategy of the Fund for the period 2023–2027”, the Adaptation Fund Board (the Board) adopted the medium-term strategy for 2023–2027 (MTS-2).
2. During the intersessional period between the thirty-ninth and the fortieth meeting, under the guidance of the medium-term strategy task force, the secretariat prepared a first draft for a medium-term strategy implementation plan (IP), pursuant to decision B.39/61. The Board subsequently approved the implementation plan for the MTS-2 at its fortieth meeting in March 2023.
3. The IP sets out goals for activities, including new activities which will be further detailed in annual plans and/or specific Board decisions. It builds on the achievements from the implementation of the first MTS with the aim to continue the strategic focus on financing adaptation action, innovation and learning and sharing, while increasing the ambition under each of these strategic pillars, strengthening the linkage and synergies between them, and further introducing a strategic emphasis on promoting locally led adaptation.
4. The IP includes provision for bundling of innovation pillar with other grants and, in particular, with learning and sharing pillar to strengthen synergies for enhanced impact, replicate and scale up successful climate adaptation innovations.
5. At the forty-second meeting in April 2024, with the recommendation of the Project and Programme Review Committee, the Board approved the increase of learning grants project to provide support for national implementing entities in capturing and disseminating practical lessons from adaptation interventions and requested the secretariat to prepare, through a consultative process, a proposal for a framework approach for bundling small grants. Specifically, the Board decided to:
 - (a) To approve the increase of learning grants from the current US\$ 150,000 per project to US\$ 500,000 per project to provide support for national implementing entities in capturing and disseminating practical lessons from adaptation interventions;
 - (b) To request the secretariat:
 - (i) To prepare operational policies for the learning grant window, reflecting the change in project scale;
 - (ii) *To prepare, through a consultative process, a proposal for a framework approach for bundling with small grants;* and
 - (iii) To present the outputs of the work described under subparagraphs (b) (i) and (b) (ii) above to the Project and Programme Review Committee at its thirty-fourth meeting.

(Decision B.42/34)

Objective

6. On the basis of the decision taken by the Board (Decision B.42/34) at the forty-second meeting, this paper aims to: 1) present the rationale for bundling of small innovation and learning grants, 2) establish parameters on what that bundling could mean practically for strategic and fiduciary purposes, 3) present expected results and other implementation arrangements on flexibility to the implementing entity to use resources across the different objectives.

7. In order to shape a bundling framework that is relevant for NIEs and ensure it meets and reflects their needs, the secretariat took a participatory approach in seeking input from NIEs while preparing the framework approach, whereby NIEs were consulted, in discussions during events, on how this framework could enable increased impact from projects by enhancing synergies between innovation and learning activities, and ultimately deliver scalable and sustainable results.

Background

Overview of Small Innovation Grants

8. Under the first MTS, the Fund has successfully established an “innovation facility” with different types of grant modalities for developing and diffusing innovative adaptation practices, tools and technologies, among these being the small grants of up to US\$ 250,000 for NIEs.

9. The small grants are available to vulnerable developing countries directly through national implementing entities (NIEs) particularly to those countries that have accredited NIEs, For the small grants specifically, two expected results have been identified by the MTS implementation plan:

- a) ***New innovations and risk-taking encouraged and accelerated:*** *Development of innovative adaptation practices, tools and technologies encouraged and accelerated, including solutions with high impact potential even if it comes with a higher risk of failure.*
- b) ***Successful innovations replicated and scaled up:*** *Innovative adaptation practices, tools and technologies that have demonstrated success in one country spread to new countries/regions or are scaled up from smaller to larger scales.*
- c) ***Access and capacities enhanced for designing and implementing innovation:*** *Access and capacities enhanced, knowledge generated, and awareness raised, for implementing entities and non-accredited actors to design and implement innovative adaptation solutions.*
- d) ***Evidence base generated and shared (linkage with learning and sharing pillar):*** *Evidence on the conditions that lead to successful innovation generated and shared, and partnerships, iteration, learning and adaptive management encouraged. Evidence of effective, efficient adaptation practices, products and technologies generated as a basis for implementing entities and other funds to assess scaling up.*

10. To date, there are eleven innovation small grants submitted, eight of which are approved and the remaining three are under review, and will be presented when ready at the Board meeting for decision.

Overview of Learning Grants

11. One of the objectives for the MTS-II is to consolidate and systematize learning across the Fund's processes and operations, including by enhancing linkages and capturing synergies with the action and innovation pillars, developing new knowledge partnerships and continue to innovate around outreach and visibility of learning on adaptation.

12. Under the first Medium Term Strategy (2018-2022), the learning grants were offered to NIEs meeting eligibility criteria for up to a maximum of US\$ 150,000. Three expected results have been identified by the MTS-2 implementation plan for learning grants:

- a) ***Knowledge generation and dissemination of learning on effective and innovative local adaptation increased and expanded:*** *Knowledge and evidence on high quality, innovative and local-level adaptation action and efficient adaptation finance processes, including local, indigenous and traditional knowledge where relevant, generated and disseminated with a wide range of actors;*
- b) ***Capacity to capture and disseminate learning strengthened:*** *Developing countries' and implementing entities' capacities to capture and disseminate projectlevel learning strengthened to help inform national and sub-national adaptation strategies and planning processes;*
- c) ***Knowledge partnerships expanded and outreach increased:*** *New knowledge partnerships created to expand knowledge generation and outreach and visibility of Fund's knowledge products increased.*

13. The main objectives of learning grants are: (a) Transferring knowledge from one NIE to another; (b) Transferring knowledge from NIEs to the wider climate finance adaptation community and; (c) Developing knowledge and guidelines through partnerships.

14. The goal of learning grants is to help encourage a culture of learning across institutions and help build NIE capacities in knowledge management. They represent a window of opportunity to capture, study and disseminate practical lessons from adaptation interventions that are additional to KM activities already financed under Adaptation Fund-approved projects and programmes.

15. As per the last Board decision, the amount of learning grants increased to US\$ 500,000 per grant and they continue to be available for national accredited entity meeting the eligibility criteria (Decision B.42/34). They can be accessed by submitting a request to the Board through the Adaptation Fund Board Secretariat. To be eligible for a learning grant, accredited entities must have an Adaptation Fund funded project that has reached mid-point in implementation or where a mid-term report (MTR)/mid-term evaluation (MTE) has been submitted or completed. For projects that have project duration of less than 4 years, at least one Project Performance Report (PPR) must have been submitted at the time of application.

16. To date, nine learning grants have been submitted for review and five have been approved. While there is no required length of learning grants, the typical duration of the approved ones ranges between one and three years.

MTS-2 Mandate and Rationale for Bundling

17. In the context of increasing climate urgency and needs, the objective for the 2023 to 2027 period is to further build on and expand the innovation pillar to consolidate the Fund's role as an agile, nimble, and pioneering fund with a track record of unlocking innovative approaches for effective adaptation actions and launching a number of dedicated innovation programmes. The Fund's stakeholders identified the Fund's comparative advantage as "*at the forefront of innovating and testing new practices and technologies then sharing these, particularly through South-South collaboration.*"

18. The Fund recognizes the critical role of knowledge management, and the importance of generating, harnessing, and disseminating knowledge as a key element for the effectiveness and efficiency of adaptation efforts. Learning and knowledge management can also support advancing the Fund's work in other areas, in particular for innovation, which typically entails intensive experimentation and learning from experience, failures and successes, followed by adjusting technologies, techniques and practices. This is recognized in the MTS-II IP, among other documents, which calls ***for stronger linkages among pillars generally, and Innovation and Learning-and-Sharing specifically.***

19. Under the Innovation Pillar, one of the activities listed is to *develop options and policies for bundling innovation grants with other small grants*. Under the Learning and Sharing Pillar, among the outcome indicators *is number of learning grants approved **along with innovation small grants.***

20. The option to combine resources and access funding via a single submission template holds significant potential for streamlining procedures. This approach would enable countries to plan and implement projects more holistically, aligning closely with their National Adaptation Plans (NAPs) and Nationally Determined Contributions (NDCs). By simplifying the application process, countries can more efficiently allocate resources to critical areas of innovation and learning, ultimately enhancing their resilience to climate change impacts and supporting broader developmental goals.

21. With the increase in the size of the learning grant, projects under this funding window now resemble, in scale, those under other funding windows, such as small-sized single-country regular projects and small grants for innovation. This scaling up not only enhances the impact of individual projects but also creates opportunities for synergistic outcomes when innovation and learning initiatives are bundled together. By leveraging the strengths of both innovation and learning, integrated projects can achieve more comprehensive and sustainable results.

22. Furthermore, the secretariat has already received proposals for innovation and learning grants that could be potentially well-suited for bundling: those proposals pertain to themes in common under innovation and learning-and-sharing in the same country, with potential for synergies and maximising impact. For example, proposals focused on enhancing water security

through innovative desalination systems could be paired with learning grants aimed at training local communities on the operation and maintenance of these systems. Such bundling not only fosters innovation but also ensures that the knowledge and skills necessary for sustaining these innovations are effectively transferred and embedded within local communities. By combining innovative solutions with dedicated learning components, these projects can create a virtuous cycle of innovation, application, and continuous improvement.

23. Similarly, a project could deploy novel water purification techniques alongside training programs for local technicians, ensuring long-term maintenance and fostering local expertise. Deploying community-based desalination plants (innovation) can be paired with vocational training programs for local youth on the operation, maintenance, and troubleshooting of desalination equipment (learning). This not only provides immediate solutions to water scarcity but also builds a skilled workforce to support and expand water security infrastructure in the long term.

Framework Approach for Bundling

Bundling Process

24. Once an NIE determines there is a specific need to blend innovation and learning funds, they may decide to combine resources under the different funding windows for learning and innovation and access funding via a single submission. This process involves several key steps and considerations.
25. The NIE may submit a single proposal using the updated application form for small innovation grants (see Annex I) which includes additional criteria for learning under **Part II.E Project Justification**. A detailed description of how learning in innovation will be generated and captured and how this will ultimately contribute to increased climate resilience in country should be included.
26. The bundled proposal should not be in excess of US\$ 750,000 which represents the combined maximum amounts of the learning (US\$ 500,000) and small innovation grants (US\$ 250,000), available to NIEs only.
27. The NIEs retain the flexibility to apply for each grant individually in cases where the complementarity of the two grants is not immediately evident. In such cases, the existing application forms for the individual grants available on the Fund website should be used.

Review Criteria

28. In reviewing the small grants proposals on innovation and learning for the NIEs, some of the review criteria used will be considered or adapted, as appropriate, from the single-country projects' criteria. Those include:

- (a) *Country Eligibility: Is the beneficiary country a developing country Party to the Paris Agreement and/or Kyoto Protocol?*

(b) Project Eligibility:

- i. *Has the government designated authority for the Adaptation Fund endorsed the project?*
- ii. *Does the project support concrete adaptation actions to assist the country in addressing adaptive capacity to the adverse effects of climate change and build in climate resilience?*
- iii. *Does the project engage, empower and/or benefit the most vulnerable communities and social groups?*
- iv. *Does the project advance gender equality and the empowerment of women and girls?*
- v. *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?*
- vi. *Where the proposed project is based on an existing AF-funded project, has the Adaptation Fund funded project reached the mid-point¹ in implementation or a Mid-Term Review or Evaluation (MTR/MTE) has been submitted?*

(c) Implementation Arrangements:

- i. *Is the project submitted through a National Implementing Entity accredited by the Board?*
- ii. *Is the Implementing Entity Management Fee¹ at or below 8.5 per cent of the total project budget before the fee?*
- iii. *Is the Execution Costs² at or below 9.5 per cent of the of the total project costs³?*
- iv. *Is the timeframe for the proposed activities adequate?*
- v. *Is a summary breakdown of the budget for the proposed activities included?*

¹ The implementing entity fee is the fee requested by Implementing Entities for project cycle management services including project supervision. The fee covers: Corporate activities fees related to engagement with donor (Policy support, Portfolio management, Reporting, Outreach and knowledge sharing) and Project cycle management fees (Project preparation and management oversight including financial management and quality insurance, Implementation reports supervision, and Project completion and evaluation oversight).

² The project execution cost or project management costs, includes the main items supported by the Adaptation Fund for project management including consultant services, travel and office facilities, etc covering the direct costs for administration of the day-to day activities of projects. Specific costs include: Staffing costs, and project related activity expenditures (Monitoring and evaluation costs; Costs related to drafting progress reports and financial reports; Consultation with project stakeholders (meetings, workshops); Communication, Travel).

³ The total project/programme cost is the cost of all project activities/components and the project execution costs.

29. In addition, few specific review criteria are applied:

Innovation:

(d) Encouraging and accelerating innovation:

Does the project/programme encourage or accelerate development of innovative adaptation practices, tools and technologies?;

(e) Generating evidence base:

Does the project/programme help generate evidence base of effective, efficient adaptation practices, products or technologies generated, as a basis for potential scaling up?

(II) Enhance learning and encourage scalability:

Does the project has a potential for maximizing impact through scaling up of AF funded projects and serve as a knowledge broker that supports early interventions based on lessons learned?

Learning:

(a) *Are the proposed activities to support learning adequate? Do they reflect knowledge gaps and learning needs identified by users?*

(b) *Do they build on established “best practices” for project/programme learning? Are they based on shared resources and knowledge?*

(c) *Does the project harness lessons learned and knowledge that enable integrating them in scaling up approaches?*

Implementation Modalities

30. Given the size of the small innovation and learning grants, and the proven ability of the NIEs to handle grants of such size, a one-step process will be used. Furthermore, the proposal submission timelines will be following the rolling-basis project submission process as for the case of regular projects and programmes.

31. The Secretariat accepts proposals on a rolling basis from NIEs for innovation small grants and learning grant proposals. These project proposals will be maximum 20 pages long, will be screened and technically reviewed by the secretariat, and subsequently reviewed by the PPRC, and considered for approval.

Review Process

32. Small grant proposals will be reviewed according to the innovation and learning specific criteria mentioned in the section on criteria above. The process of review will be similar to that which is routinely conducted during review cycles for one-step process, as applicable and as appropriate, and submissions will be accepted on a rolling basis.

Timeline of submissions and reporting

33. National implementing entities are invited to submit their small grant funding proposals for projects following the same deadlines as regular projects and programmes.

34. As is standard practice for the Fund, NIEs are expected to adhere to reporting requirements for grants as per the Board Decision B.32/37. NIEs must submit project monitoring every twelve months as well as a project completion and financial reports.

Innovation and learning Indicators

35. The Adaptation Fund Strategic Results Framework (SRF) includes long-term goal, outcome, outputs, and a small set of indicators for the Fund as a whole. The Fund works toward the achievement of the overall goal and outcomes. Consequently, any project or programme financed by the Fund must align with the Fund's results framework and directly contribute to the overall objective and outcomes outlined.

36. Following recent amount increase to learning grants and to enable the process of measuring performance of learning grants annually, new learning related indicators were developed to facilitate measuring outcomes and impact of learning grants and complement those already available under the Strategic Results Framework (SRF) of the Fund⁴.

Risks and mitigation measures

37. Given the novelty of the bundling approach and, in order to ensure the funding achieves the objectives of both the innovation small grants and the learning grants, the Secretariat will issue additional guidance to NIEs for submission of proposals under the bundled approach.

38. Proposals submitted through the bundled approach should provide an overview and an initial screening of the environmental and social impacts and risks identified as being relevant to the project, in line with the Environmental and Social Policy of the Fund. The technical review may recommend a deeper assessment and an environmental and social management plan where necessary.

39. In proposing activities under the bundled approach, the NIEs must ensure alignment with outcome 3 for learning and outcome 8 for innovation under the Fund's Strategic Results Framework. The proposed activities under the bundled approach should complement each other and ensure there are synergies between them.

40. The NIEs should ensure the proposal contains elements of both learning and innovation that are genuinely complementary and mutually reinforcing and will avoid a disproportionate focus on one while giving cursory consideration to the other. Furthermore, there needs to be a clear description of how the learning from the proposed innovation activities feed into the institutional knowledge management system for further sharing and dissemination.

⁴ The proposed indicators for learning grants are outlined in Board document AFB/PPRC.34/10

Proposed recommendation

Having considered the analysis and the information contained in document AFB/PPRC.34/11 on the bundling of innovation and learning grants, the Board may wish to decide:

- a) To approve the proposed bundling framework
- b) To request the secretariat to:
 - (i) Inform the NIEs of the bundled grant modality and the process for accessing grants under it;
 - (ii) Prepare and present the NIEs with additional guidance on filling out the new proposal template;
 - (iii) Report to the Project and Programme Review Committee on status of actions under sub paras (i)-(ii) at its thirty fifth meeting;
 - (iv) Prepare a progress report on the implementation of the bunding framework with lessons learned and further recommendations for improvement, as appropriate, for consideration by the Project and Programme Review Committee at its thirty-eighth meeting.

Annexes:

Annex I: Innovation and learning bundled proposal template

Annex I: Innovation and learning bundled proposal template



ADAPTATION FUND

**PROGRAMME ON INNOVATION:
SMALL GRANTS PROJECTS THROUGH DIRECT ACCESS
MODALITY**

REQUEST FOR PROJECT FUNDING FROM THE ADAPTATION FUND

The annexed form should be completed and transmitted to the Adaptation Fund Board Secretariat by email or fax.

Please type in the responses using the template provided. The instructions attached to the form provide guidance to filling out the template.

Please note that a project must be fully prepared when the request is submitted.

Complete documentation should be sent to:

The Adaptation Fund Board Secretariat
1818 H Street NW
MSN P4-400
Washington, D.C., 20433
U.S.A
Fax: +1 (202) 522-3240/5
Email: afbsec@adaptation-fund.org



ADAPTATION FUND

**PROGRAMME ON INNOVATION/LEARNING: SMALL GRANTS PROJECT
PROPOSAL**

PART I: PROJECT INFORMATION

Country:

Title of Project:

National Implementing Entity:

Executing Entity/ies:

Amount of Financing Requested: (in U.S Dollars Equivalent)

Project Background and Context:

Provide brief information on the problem the proposed project is aiming to solve. Outline the economic social, development and environmental context in which the project would operate.

Project Objectives:

List the main objectives of the project.

Project Components and Financing:

Fill in the table presenting the relationships among project components, activities, expected concrete outputs, and the corresponding budgets. If necessary, please refer to the INSTRUCTIONS FOR PREPARING A REQUEST FOR

PROGRAMME ON INNOVATION/LEARNING: SMALL GRANTS PROJECTS THROUGH DIRECT ACCESS for a detailed description of each term.

Project Components	Expected Concrete Outputs	Expected Outcomes	Amount (US\$)
1.			
2.			
3.			
4.			
5.			
6. Project Execution cost			
7. Total Project Cost			
8. Project Cycle Management Fee charged by the Implementing Entity (if applicable)			
Amount of Financing Requested			

Projected Calendar:

Indicate the dates of the following milestones for the proposed project/programme

Milestones	Expected Dates
Start of Project Implementation	
Project Closing	
Terminal Evaluation	

PART II: PROJECT JUSTIFICATION ⁵

- A.** Describe the project components, particularly focusing on the concrete adaptation activities of the project, and how these activities contribute to climate resilience.
- B.** Describe how the project provides economic, social and environmental benefits, with particular reference to the most vulnerable communities, and vulnerable groups within communities, including gender considerations. Describe how the project will avoid or mitigate negative impacts, in line with the Environmental and Social Policy of the Adaptation Fund.
- C.** Describe how the project encourages or accelerates development of innovative adaptation practices, tools or technologies and/or describe how the project helps generate evidence base of effective, efficient adaptation practices, products or technologies, as a basis for potential scaling up.
- D.** Please confirm whether the project meets relevant national technical standards, where applicable, such as standards for environmental assessment, building codes, etc., and is in line with the Environmental and Social Policy of the Adaptation Fund.

⁵ Parts II and III should jointly not exceed 10 pages.

- E.** If applying for innovation-learning bundled funding modality, please describe the rationale and how the proposal meets the criteria set for this type of funding.

E1: LEARNING ACTIVITIES: Briefly describe how the proposed innovation activities contribute to learning, and ultimately to increasing climate resilience of beneficiaries.

E2: CONTINUOUS INNOVATION CYCLE: Describe how evidence based generated innovation will be shared and made available to NIEs and other partners, and ensure continuous cycle of innovation and knowledge sharing.

- F.** Provide an overview of the environmental and social impacts and risks identified as being relevant to the project. Describe how the project will engage, empower and/or benefit the most vulnerable communities and social groups, including gender considerations, in line with the Environmental and Social Policy of the Adaptation Fund.
- G.** Provide justification for funding requested, focusing on the full cost of adaptation reasoning.

PART III: IMPLEMENTATION ARRANGEMENTS

- A.** Describe the arrangements for project / programme implementation.
- B.** Describe the monitoring and evaluation arrangements and provide a budgeted M&E plan.
- C.** Include a simple results framework for the project proposal, including milestones, targets and indicators.
- D.** Demonstrate how the project / programme aligns with the Results Framework of the Adaptation Fund

Project Objective(s) ⁶	Project Objective Indicator(s)	Fund Outcome	Fund Outcome Indicator	Grant Amount (USD)
Project Outcome(s)	Project Outcome Indicator(s)	Fund Output	Fund Output Indicator	Grant Amount (USD)

- E.** Include a budget, including a budget on the Implementing Entity management fee use, and an explanation and a breakdown of the execution costs.

⁶ The AF utilized OECD/DAC terminology for its results framework. Project proponents may use different terminology but the overall principle should still apply

F. Include a disbursement schedule with time-bound milestones.

	Upon signature of Agreement	One Year after Project Start a)	Year 2b)	Year 3	Total
Scheduled date					
Project Funds					0
Implementing Entity Fees					0
Total	0	0	0	0	0

a) Use projected start date to approximate first year disbursement

b) Subsequent dates will follow the year anniversary of project start

c) Add columns for years as needed

PART IV: ENDORSEMENT BY GOVERNMENT AND CERTIFICATION BY THE IMPLEMENTING ENTITY

A. Record of endorsement on behalf of the government⁷ *Provide the name and position of the government official and indicate date of endorsement. If this is a regional project/programme, list the endorsing officials all the participating countries. The endorsement letter(s) should be attached as an annex to the project/programme proposal. Please attach the endorsement letter(s) with this template; add as many participating governments if a regional project/programme:*

<i>(Enter Name, Position, Ministry)</i>	<i>Date: (Month, day, year)</i>
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⁶. Each Party shall designate and communicate to the secretariat the authority that will endorse on behalf of the national government the projects and programmes proposed by the implementing entities.

B. Implementing Entity certification *Provide the name and signature of the Implementing Entity Coordinator and the date of signature. Provide also the project/programme contact person's name, telephone number and email address*

I certify that this proposal has been prepared in accordance with guidelines provided by the Adaptation Fund Board, and prevailing National Development and Adaptation Plans (.....list here.....) and subject to the approval by the Adaptation Fund Board, commit to implementing the project/programme in compliance with the Environmental and Social Policy of the Adaptation Fund and on the understanding that the Implementing Entity will be fully (legally and financially) responsible for the implementation of this project/programme.

Name & Signature

Implementing Entity Coordinator

Date: *(Month, Day, Year)*

Tel. and email:

Project Contact Person:

Tel. And Email: