



ADAPTATION FUND

**THE ADAPTATION FUND PROJECT REVIEW PROCESS:
SUMMARY OF THE ANALYSIS AND LESSONS LEARNED
(June 2010 – September 2011)**

Following a request by the Adaptation Fund Board (AFB) during its 15th meeting, the AFB secretariat has undertaken an analysis of the proposals received from PPRC 1st meeting (June 2010) to PPRC 6th meeting (September 2011).

1. During the period considered by this analysis, 32 concepts and 18 full proposals (representing 36 projects/programmes in total) have been screened, reviewed and forwarded by the secretariat, with recommendations, to the PPRC for its consideration. The average funding requested for the 36 proposals submitted until September 2011 is US\$ 6.98 million.

2. Twenty two (22) concepts have been endorsed, among which 8 were followed by full proposals which were subsequently approved, following the two-step process. Eleven full proposals have been approved during that period, for a total funding of US\$ 69.7 million or 26.3% of the cumulative funding available for projects/programmes as of June 30, 2011. Of the eleven proposals approved, one was submitted by a National Implementing entity (NIE). The average turn-around time for the 11 approved proposals (i.e. the time between the first submission of the proposal either as a concept or a full proposal and its final approval) is 6.5 months, with the lowest time of 0 month (full proposal approved at first submission) for one project and the highest of 15 months for another project. Also, three (3) projects have been approved within 3 months.

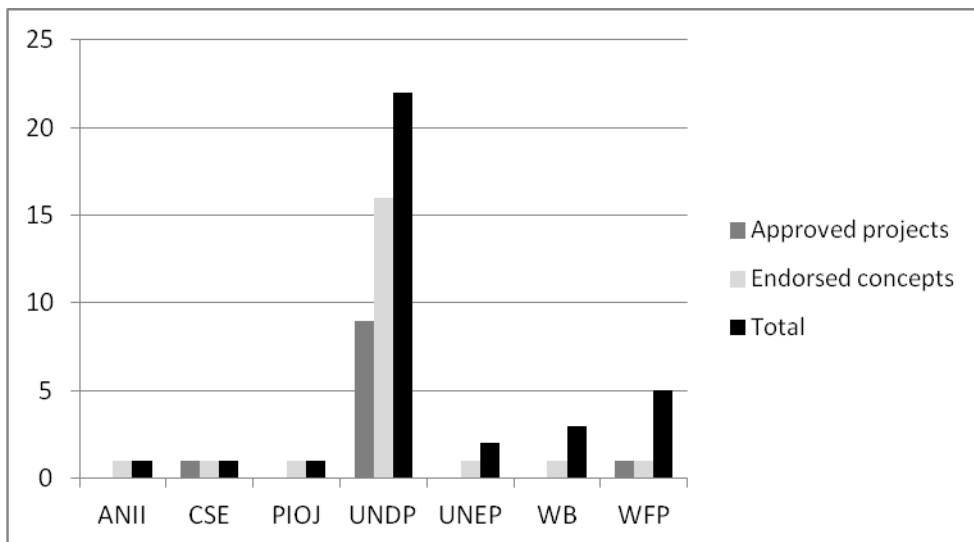
3. The number of endorsed concepts and approved full proposals represents 69% and 61% of the total concepts and full proposals submitted, respectively. Among those, 77% of the concepts were endorsed at first submission (17), while 64% of the full proposals were approved at first submission (7). Overall, the concepts and full proposals accepted at first submission represent 53% and 39% of the total submitted concepts and full proposals, respectively. The other concepts were endorsed at the second submission and no concept was submitted more than twice to the PPRC. Of the remaining four approved full proposals, three were approved at their second submission and one approved at its third submission to the PPRC. Of the proposals that were not approved (7), 5 have not been resubmitted yet, one was submitted twice and one submitted 4 times. Overall only 2 out of 36 proposals have been resubmitted more than two times, representing 5.5% of the total proposals.

4. Four (4) proposals¹ have been submitted following the one-step process, i.e. submitted as full proposals directly, of which one has been approved at its first submission and another one at its second submission, totaling 2 approved or 20% of the total approved full proposals. Finally, one proposal has been submitted 4 times following the one-step process, and is still not approved. Overall, the percentage of success for full proposals submitted for the first time through the one-step process is 25%, compared with 67% for the full proposals submitted for the first time through the two-step process.

5. Five (5) Multilateral Implementing Entities (MIEs) and three (3) National Implementing Entities (NIEs) have submitted proposals during the period considered by this analysis. Of the 11 approved proposals, 9 were submitted by UNDP, and WFP and CSE have each submitted one each. Sixteen (16) concepts submitted by UNDP have been endorsed, and one each for WFP, UNEP, and the World Bank, from the MIE side. From the NIEs, one concept has been endorsed for each CSE, ANII and PIOJ. Of the 11 approved proposals, 9 were submitted by UNDP, and

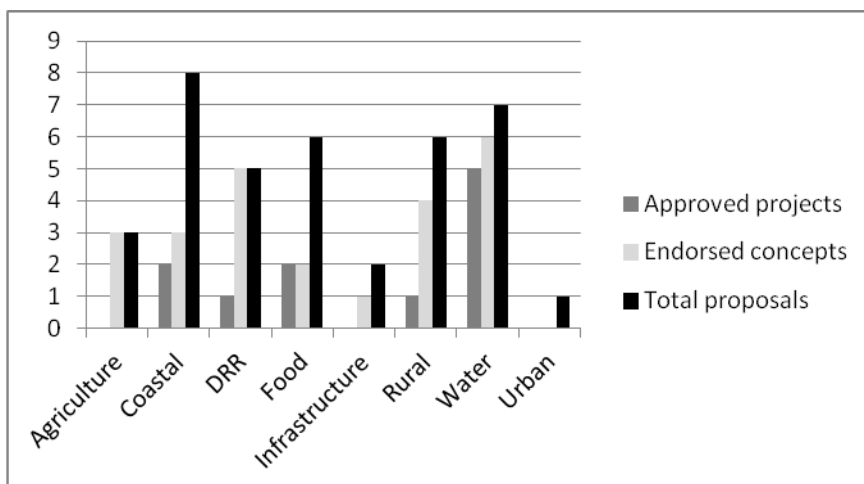
¹ It should be noted that three additional proposals have been submitted as concepts, which were not endorsed, and were subsequently re-submitted as full proposals. Two were approved, but only after the second submission of the full proposal. The other one was not approved at the first submission of the full proposal and afterwards was not resubmitted by the country.

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Graph 1: Proposals reviewed by Entity

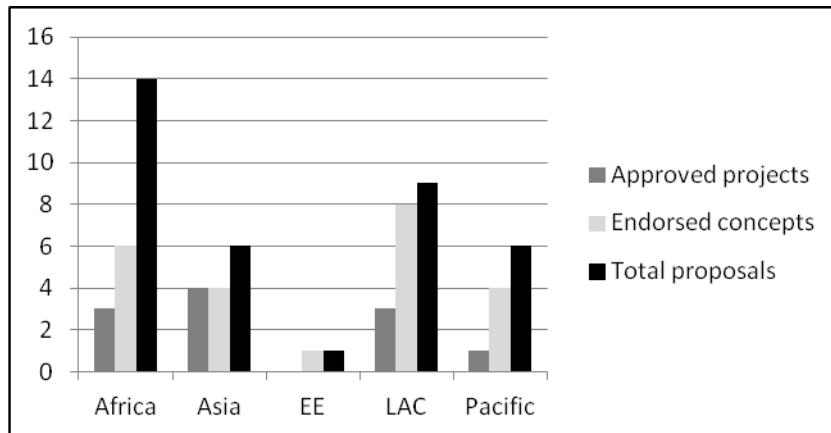
6. All sectors² are covered by the proposals submitted, with coastal management (8) and water management (7) dominating the number of proposals submitted. They are followed by food security and rural development (6 each) and disaster risk reduction (5). Finally, three proposals dealing with agriculture have been submitted (Graph 2). The sector with the most endorsed concepts is water management, followed by disaster risk reduction, with 6 and 5 endorsed concepts, respectively. Water management is also the sector with the most approved full proposals (5).



Graph 2: Proposals reviewed by sector

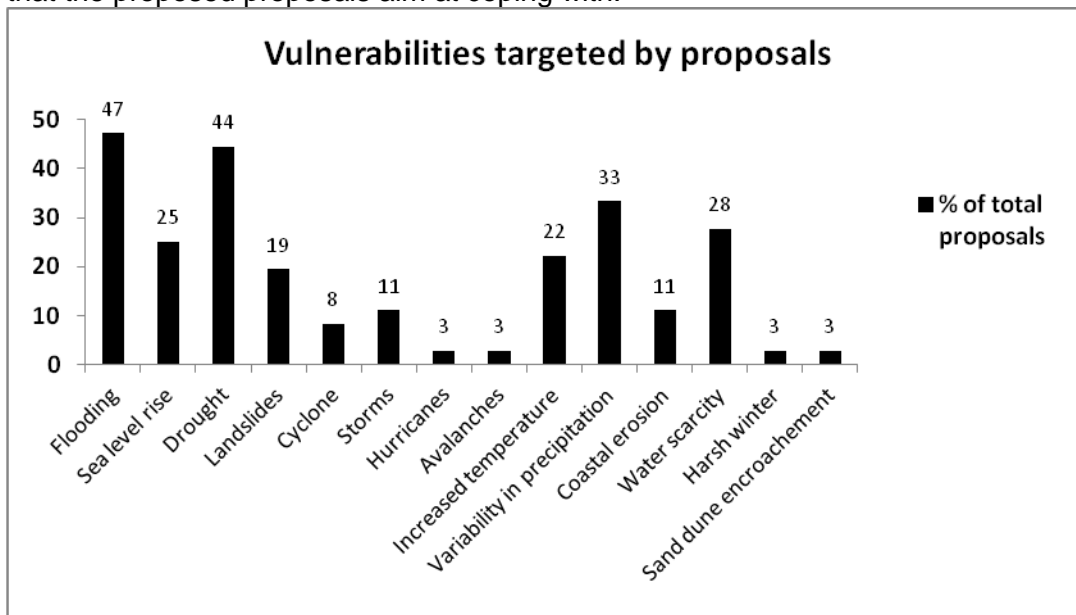
² The sector designation has been done by the secretariat and therefore is subjective.

7. The region with the highest number of submitted proposals is Africa (14), followed by LAC (9), the Pacific³ region and Asia (6 each). Only one proposal has been submitted by a country of the Eastern European region (Graph 3). However, the region with the most concept proposals that were endorsed is LAC, with 8 endorsed proposals. The region with the most approved full projects is Asia, with 4 approved projects.



Graph 3: Proposals reviewed by Region

8. The main vulnerabilities that the 36 projects/programmes submitted to the Board seek to address are described in Graph 4. “Flooding” (covering 47% of total proposals) and “drought” (44% of proposals) are the most common vulnerabilities targeted in the countries covered by these proposals. “Variability in precipitation” (33%) and “water scarcity” (28%) are also important threats that the proposed proposals aim at coping with.



Graph 4: Vulnerabilities targeted by the proposals submitted to the AF

³ Note that this region does not correspond to a UN region but the secretariat has divided the Asia and Pacific zones because the latter has some particularly in terms of vulnerability to CC and has submitted 6 proposals already.

9. A quantitative and qualitative analysis was made, to identify the key weaknesses in the proposals submitted to the secretariat. From the review criteria set by the AF, the one on “concreteness”⁴ received the most clarification requests (21% of the total requests). The common issues related to that criterion and identified in the proposals included (i) the lack of cohesion among the components of the project/programme, (ii) the difficulty of distinguishing between an adaptation project and a “business-as-usual” development project and, related to that issue, (iii) the non-climatic barriers to achieving the project objective that would not be taken into account and finally (iv) the proposed adaptation measures not being suited or adequate for the identified climate threats.

10. The criterion related to cost effectiveness has also received a significant portion of clarification requests (18% of the total CRs). The cost effectiveness of the proposals is usually questioned because of a poor description of alternative options to the proposed measures and a poor assessment of the project/programme cost effectiveness. To a lesser extent, the description of the social, economical and environmental benefits of the projects/programmes has triggered a significant number of clarification requests (12% of the total CRs), mostly because they are provided in a very evasive way.

11. The issues related to the consultative process (7% of the total CRs) are mainly linked to (i) an insufficient explanation of the scope of the consultation process and its influence over the design and approach of the project, as well as (ii) the role that communities, local governments and NGOs, or universities will play in the implementation of the project/programme and (iii) the lack of consultation of the more vulnerable communities.

12. Finally, the use of relevant national technical standards (7% of the total CRs) is usually questioned in the absence of adequate information on the environmental safeguards for the proposed adaptation measures, including environmental impact assessment.

13. In conclusion, there may be a need to “disaggregate” the criterion on “concreteness” into different ones, in order to account for the subjacent points it raises and avoid overlap with other criteria. Also, there are two main areas where it seems that more guidance to project/programme proponents may be needed:

- The evaluation of the projects/programmes cost effectiveness,
- The consultation process that is necessary to prepare the project/programme proposal,
- The use of relevant national technical standards by the projects and programmes.

The lessons learned from this analysis can be outlined following three categories:

Review process and funding principles of the AF:

- The rate of endorsement/approval of the concepts and full proposals submitted to the Board from June 2010 to September 2011 is above 60% (65% for the concepts and 61% for the full proposals). Additionally, the average turn-around time for project

⁴ The exact phrasing of this criterion is: “Does the project / programme support concrete adaptation actions to assist the country in addressing the adverse effects of climate change and build in climate change resilience?”

approval is 6.5 months. This is consistent with the call for a swift process expressed by the CMP.

- Also related to the efficiency of the process, the number of proposals re-submitted more than twice to the Board is currently very low, representing only 2 out of 36 proposals submitted or 5.5% of the total proposals submitted. Hence, most of the Implementing Entities have been able to improve the proposals at a subsequent resubmission, following consultations with the secretariat. Therefore, it is of the opinion of the secretariat that a ruling on a maximum number of times that a proposal can or should be considered by the PPRC before being rejected is not necessary at this time.
- With 12.4% of the total funding allocated to projects/programmes, NIEs have a very low share of the proposals submitted (3 out of 36, or 8%). This is understandable since until June 2011, only 3 NIEs were accredited. However, this figure is expected to increase with the number of NIEs being accredited (6 as of September 2011) anticipated in the future. Additionally, with the cap of 50% of the total AF funding available for MIEs, the countries have received a clear signal that funding is set aside to support the direct access modality promoted by the AF.
- Although as of March 2011, the total number of accredited IEs was 11, UNDP alone carries 63% of all proposals submitted. In addition, only 4 out of the 9 existing MIEs have submitted proposals. This raises the question of whether some accredited MIEs have enough experience in developing projects/programmes following the AF standards or whether the AF project/programme cycle fits with their business model. Another explanation could be a strategic decision by some MIEs to refrain from submitting proposals in order to give NIEs the opportunity to access funding. In any case, there may be a need for more guidance on AF projects/programmes development towards the IEs.

Approval and operations procedures:

- Proposals submitted through the two-step process are more likely to be approved than the ones submitted directly as full proposals. This could be explained by the fact that the submission of an elaborated full proposal through a one-step process leaves little flexibility for modification of the proposal by the IEs when the secretariat provides its initial review, within the 7-10 days provided for such modification, thus potentially leading to a subsequent non-approval by the Board.
- The financing window for small-size projects and programmes has not been used yet. This could be explained by the fact that since there was no funding limit until the temporary cap on \$10 million per country was decided, and the cap is an order of magnitude above the level of a small-size project, countries are more inclined to submit projects for higher amounts.
- The use of the same template for a concept and a full proposal may lead to some confusion from the IE side, on the level of detail and the type of information to provide for a concept compared with a full proposal. Hence it may be useful in the future to have distinct templates, which may provide specific guidance for preparing each type of proposals.

AF project/programme review criteria:

- The review criteria have significantly evolved since they were first established, to take into account relevant aspects aiming at improving the quality of projects submitted to the AF. However, additional guidance is needed in the case of a few criteria to help the IEs to address them in a satisfactory manner.
- Also, the criterion “*Does the project / programme support concrete adaptation actions to assist the country in addressing the adverse effects of climate change and build in climate change resilience?*” seems to be too broad, entailing several issues such as the quality of the overall project design, the linkages between the different components of the project/programme and their alignment with its goal and objectives. Therefore, there may be a need to “disaggregate” this criterion into different ones, in order to account for the subjacent points it raises and avoid overlap with other criteria.