



ADAPTATION FUND

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Adaptation Fund Board
Project and Programme Review Committee
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Agenda item 4 a)

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

Introduction

1. This document presents the Adaptation Fund Programme on Innovation: Small Grants Projects through Direct Access Modality, as per the Medium Term Strategy that was adopted by the Adaptation Fund Board (the Board) in its thirtieth meeting, and specifically the establishment of a dedicated Innovation Facility in order to (a) roll out successful innovations; (b) scale up viable innovations; (c) encourage and accelerate innovations; and, (d) generate evidence of effective and efficient innovation in adaptation; which would include support via grants of up to \$250,000. The background and rationale of the programme is more fully explained in the documents AFB/B.30/5/Rev.1 and AFB/B.31/5/Rev.1.

2. At its thirtieth meeting, the Adaptation Fund Board discussed the draft medium-term strategy, and members of the Board proposed amendments to the document. The secretariat then presented a revised draft, in document AFB/B.30/5/Rev.1. Having considered that document, 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)

3. 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.

4. 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.

5. At its thirty-first meeting, the Adaptation Fund Board discussed document 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:*
 - (i) *To facilitate the implementation of the plan during the period 2018–2022;*
 - (ii) *To include the administrative budget for implementing the plan in the secretariat’s annual administrative budget during the strategy period, for consideration by the Fund’s Ethics and Finance Committee;*
 - (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*
 - (v) *To monitor the progress of implementation of the MTS and report on it annually as part of the annual performance reports of the Fund, and if necessary, propose possible adjustments to the plan during its implementation in conjunction with consideration of the annual work plan; and*
- (c) *To request the Technical Evaluation Reference Group of the Adaptation Fund (AFTERG) to undertake a mid-term review of the medium-term strategy and the plan and report to the Board at its thirty-sixth meeting.*

(Decision B.31/32)

6. The following sections present the items outlined in (b)(iii) above for the financing window that would provision small grants through the direct access modality.

7. It should be noted that the MTS implementation plan outlines broadly the features of the Innovation Facility, which would also fund large proposals, as well as a Multilateral Implementing Entity (MIE) aggregator for small grants to non-accredited entities. This document does not include the large proposals or the MIE aggregator, the latter of which is discussed in document AFB/PPRC.23/5.

Objectives

8. The objective of the innovation pillar of the MTS is to support the development and diffusion of innovative adaptation practices, tools, and technologies. This objective will be supported through the establishment of an Innovation Facility, which will include small and large grants. The small grants will be awarded to vulnerable developing countries through two routes: directly through national implementing entities (NIEs) particularly to those countries that have accredited NIEs, and through an MIE aggregator delivery mechanism to other entities (organizations, groups, associations, institutions, businesses, agencies, etc.) that are not accredited with the Fund.

9. For the small grants specifically, two expected results have been identified by the MTS implementation plan:

- (a) *New innovations encouraged and accelerated. Development of innovative adaptation practices, tools and technologies encouraged and accelerated; and,*
- (b) *Evidence base generated. Evidence of effective, efficient adaptation practices, products and technologies generated as a basis for implementing entities and other funds to assess scaling up.*

10. The MTS implementation plan also states that the expected outcome of the innovation pillar will be that innovation for effective, long-term adaptation to climate change will be accelerated, encouraged and enabled.

11. The MTS implementation plan recalls the cross-cutting themes identified in the MTS, out of which particularly the following were highlighted and are expected to be linked to the award of the small grants for innovation:

- (a) *Engaging, empowering and benefitting the most vulnerable communities and social groups; and,*
- (b) *Advancing gender equality and the empowerment of women and girls.*

Review Criteria

12. In reviewing the small grants proposals on innovation for the NIEs, some of the review criteria used will be taken 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 Kyoto Protocol?*
- (b) *Project Eligibility: Has the government designated authority for the Adaptation Fund endorsed the project?*
- (c) *Project Eligibility: 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?*

- (d) Project Eligibility: *Does the project engage, empower and/or benefit the most vulnerable communities and social groups?*
- (e) Project Eligibility: *Does the project advance gender equality and the empowerment of women and girls?*
- (f) Implementation Arrangements: *Is the project submitted through a National Implementing Entity accredited by the Board?*
- (g) Implementation Arrangements: *Is the Implementing Entity Management Fee at or below 8.5 per cent of the total project budget before the fee?*
- (h) Implementation Arrangements: *Is the timeframe for the proposed activities adequate?*
- (i) Implementation Arrangements: *Is a summary breakdown of the budget for the proposed activities included?*

13. In addition, a few specific review criteria are applied:

- (j) Encouraging and accelerating innovation:
Does the project/programme encourage or accelerate development of innovative adaptation practices, tools and technologies; and/or
- (k) 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?

14. In order to solicit a diverse set of innovative proposals, the following thematic areas will be identified in the Request for Proposals:

- (a) Urban adaptation
- (b) Food security
- (c) Social innovation
- (d) Nature-based solutions
- (e) Inclusion of youth
- (f) Advancement of gender equality (women and girls' empowerment)
- (g) Focus on communities
- (h) Enhancement of cultural heritage
- (i) Water resources management
- (j) Disaster risk reduction

15. However, this is not an exhaustive list and therefore these thematic areas will not be emphasized as criteria for proposal review.

Expected Grant Sizes

16. The innovation facility will provide at least 28 small grants of up to US \$250,000 through:

- (a) First request for proposals under a set-aside of US \$2 million to be launched at COP 24 (2018);
- (b) Second request for proposals under a set-aside of US \$4 million around March 2020.

17. It is expected that the initial RFP will help inform further programming, including the second RFP and subsequent programming of the large grants.

Implementation Modalities

18. Direct Access: given the size of the innovation 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 with respect to Board meetings or intersessional review cycles are similar to those of regular projects and programmes.

19. The Board opens a structured call for NIEs for innovation small grants proposals. These project proposals will be maximum 10 pages long, will be screened and technically reviewed by the secretariat, and subsequently reviewed by the PPRC, and considered for approval.

Review Process

20. Small grant proposals will be reviewed according to the same broad areas of criteria as project proposals with the level of detail required being considerably lower, in addition to the innovation-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 first-time submissions will be accepted during both the regular and intersessional cycles.

Learning and Knowledge Sharing

21. As envisaged in the Implementation Plan, at least 68 small grants will be provided for innovation. While most are expected to be provided to entities that are not accredited under the Adaptation Fund through a delivery mechanism administered by an accredited MIE of the AF, at least 28 grants will be provisioned through direct access to Adaptation Fund's NIEs.

22. Although the NIE small grants for innovation will not be administered by the MIE Aggregator, they will be supported by the MIE Aggregator in some ways, notably on knowledge management. At the project level, the MIE Aggregator is expected to facilitate the inclusion into the learning-and-sharing mechanism that will be developed to serve both NIEs and non-NIEs. NIEs will have access to and be tapped by the MIE aggregator towards contributing the NIE-generated experience to the learning and knowledge sharing mechanism that will be administered by the MIE aggregator for non-NIE accessed small grants for innovation. The MIE aggregator, when engaged, is expected to serve the NIEs on the learning and knowledge aspect as well. The MIE Aggregator is expected to provide access to information and other support, also in order to

ensure a degree of consistency and parity between NIE and non-NIE recipients of the small grants.

23. Monitoring and reporting in the programme at the fund level will be facilitated through the same mechanisms that are available for single-country projects, i.e. reporting through regular project reports (annual project performance reports, mid-term reviews, and final evaluations) and compiled at the Fund level as the annual performance report, and potentially portfolio monitoring missions conducted by the secretariat for a strategic sample of the projects approved by the Board.

24. It is expected that results from the small grants innovation windows will inform later Board decisions on the financing of full-sized projects/programmes under the provisional envelope on innovation, as envisaged in the Implementation Plan.

Timeline of submissions

25. National implementing entities are invited to submit their small grant funding proposals for projects following the same deadlines as regular projects and programmes. Therefore, the Board can consider the first proposals starting from its thirty-third meeting.

Recommendation

26. The PPRC may want to consider document AFB/PPRC.23/4 and recommend the Board:

(a) To approve the process for providing funding for innovation through small grants to National Implementing Entities (NIEs) as described in document AFB/PPRC.23/4; including the proposed objectives, review criteria, expected grant sizes, implementation modalities, review process and other relevant features as described in document;

(b) To request the secretariat to prepare the first Request for Proposals (RFP) to NIEs for US \$2 million to be launched at twenty-fourth session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP24) in December of 2018.

Annex I

Review Criteria	Questions	Comments
Country Eligibility	1. Is the beneficiary country a Party to the Kyoto Protocol?	
Project Eligibility	1. Has the designated government authority for the Adaptation Fund endorsed the project?	
	2. 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?	
	3. Does the project encourage or accelerate development of innovative adaptation practices, tools and technologies?	
	4. Does the project help generate evidence base of effective, efficient adaptation practices, products or technologies, as a basis for potential scaling up?	
	5. Does the project engage, empower and/or benefit the most vulnerable communities and social groups?	
	6. Does the project advance gender equality and the empowerment of women and girls?	
Resource Availability	1. Is the requested project funding within the parameters for small grants set by the Board?	
	2. Is the Implementing Entity Management Fee at or below 8.5 per cent of the total project budget before the fee?	
Implementation Arrangements	1. Is the project submitted through a National Implementing Entity accredited by the Board?	
	2. Is the timeframe for the proposed activities adequate?	
	3. Is a summary breakdown of the budget for the proposed activities included?	

Innovation Small Grants: Review Criteria for NIEs

Annex II

Innovation: MTS Implementation Plan

Objective: Support the development and diffusion of innovative adaptation practices, tools, and technologies

Expected results:

- ER1 – Successful innovations rolled out. Innovative adaptation practices, tools and technologies that have demonstrated success in one country spread to new countries/regions
- ER2 – Viable innovations scaled up. Innovative adaptation practices, tools and technologies that have demonstrated viability at a small scale piloted at larger scales
- ER3 – New innovations encouraged and accelerated. Development of innovative adaptation practices, tools and technologies encouraged and accelerated
- ER4 – Evidence base generated. Evidence of effective, efficient adaptation practices, products and technologies generated as a basis for implementing entities and other funds to assess scaling up

Outcome: Innovation for effective, long-term adaptation to climate change accelerated, encouraged and enabled

Main activities:

- Launch Innovation Facility
- Build awareness of the Fund's Innovation Facility across adaptation and climate change innovation networks
- Build effective relationships with potential partners and collaborators
- Explore unique/niche opportunities to mobilize public and private resources for the Innovation Facility
- Establish appropriate processes for supporting and reviewing SF2 proposals
- Monitor, evaluate and learn from process-related experiences during current MTS cycle
- Monitor whether activities under SF2 are being implemented and crosscutting themes advanced in-line with the MTS, standards are being met, risks and being managed, targets are being reached and resources are being used efficiently
- Communicate learning from ER 1 & 2 projects, as well as knowledge outputs from ERs 3 & 4, across the international community of adaptation practitioners

Table 1. SF2-ER3 and ER4: INNOVATION – Support the development and diffusion of innovative adaptation practices, tools and technologies

Expected Results	Expected Outputs (delivery methods)	Activities	Output indicators	Tentative timeline	Tentative budget
ER3 – New innovations encouraged and accelerated. Development of innovative adaptation practices, tools and	1. A relevant, efficient, effective and sustainable micro-grant (up to US\$ 250,000) mechanism established to develop and/or test innovative adaptation products	1.1 Develop and launch a relevant, efficient, effective and sustainable Micro-Grant Mechanism through two pilot versions 1.2 Partner with MIE aggregator	Numbers of proposals funded under the direct access RFPs: at least 14* Number of innovative adaptation practices, tools	MIE partner(s) proposed to Board in October 2018 and announced at COP 24 (Dec 2018) 1st RFP for <i>Direct Access</i>	Projected grant funding: 1st RFP: ca. US\$ 2 M. 2nd RFP: ca. US\$ 6 M.

technologies encouraged and accelerated	(e.g. project management tools) and technologies; <i>link with cross cutting theme 1(vulnerable groups) and 2(gender)</i> 2. At least 14 proposals from Implementing Entities and at least 20 proposals from other entities supported. 1.1 Develop and launch a relevant, efficient, effective and sustainable Micro-Grant Mechanism through two pilot versions	to enable Non-Accredited Entities to access micro-grants for innovation 2.1 Issue two RFPs during the 2018-2022 period, both of which will cite requirements to address cross-cutting themes 1 (vulnerable groups) and 2 (gender equality)	and technologies funded through MIE partner: at least 20*	issued at COP 24 (Dec 2018) w/ Board decisions slated for Oct/Nov 2019 2 nd RFP for Direct Access issued in March 2020 w/ Board decisions slated for Oct/Nov 2020	Grant administration will be done initially with existing resources. Consultant inputs for assessment of options: US\$ 20,000 twice during 5 years
ER4 – Evidence base generated – Evidence of effective, efficient adaptation practices, products and technologies generated as a basis for implementing entities and other funds to assess scaling up	1. A relevant, efficient, effective and sustainable micro-grant (up to US\$ 250,000) mechanism established to generate evidence base effective, efficient adaptation practices, products and technologies, to enable implementing entities and other funds to assess scaling up; <i>link with cross cutting theme 1 (vulnerable groups) and 2 (gender)</i> 2. At least 14 proposals from Implementing Entities and at least 20 proposals from other entities supported.	1.1 Develop and launch a relevant, efficient, effective and sustainable Micro-Grant Mechanism through two pilot versions 1.2 Partner with MIE aggregator to enable Non-Accredited Entities to access micro-grants for innovation 2.1 Issue two RFPs during the 2018-2022 period, both of which will cite requirements to address cross-cutting themes 1 (vulnerable groups) and 2 (gender equality)	Quantity and quality of key findings on effective, efficient adaptation practices, products and technologies generated through direct access: at least 14* proposals Quantity and quality of key findings on effective, efficient adaptation practices, products and technologies generated through MIE partner: at least 20* proposals	MIE partner(s) proposed to Board in October 2018 and announced at COP 24 (Dec 2018) 1 st RFP for <i>Direct Access</i> issued at COP 24 (Dec 2018) w/ Board decisions slated for Oct/Nov 2019 2 nd RFP for Direct Access issued in March 2020 w/ Board decisions slated for Oct/Nov 2020	Projected grant funding: 1 st RFP: ca. US\$ 2 M. 2 nd RFP: ca. US\$ 6 M. Grant administration will be done initially with existing resources.