



ADAPTATION FUND

AFB/PPRC.32/18
27 September 2023

Project and Programme Review Committee
Thirty-second Meeting
Bonn, Germany, 10-11 October 2023

Agenda item 9.

**REPORT OF THE SECRETARIAT ON INITIAL
SCREENING/TECHNICAL REVIEW
OF ADAPTATION FUND CLIMATE
INNOVATION ACCELERATOR PROGRAMME
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 Adaptation Fund Climate Innovation Accelerator (AFCIA) small grants programme and AFCIA Coordination Services proposals submitted by Implementing Entities (IEs) 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 separate addendums to this document, AFB/PPRC.32/18/Add.1 and AFB/PPRC.32/18/Add.2.

Adaptation Fund Climate Innovation Accelerator programme

3. The AFCIA was originally established according to the implementation plan of the first Medium-term Strategy (MTS) of the Adaptation Fund, covering the period 2018-2022, adopted by the Adaptation Fund Board (the Board) in its thirtieth meeting, which called for the implementation of the Multilateral Implementing Entity (MIE) small innovation grants' "aggregator". At this time, AFCIA comprised one of the main components of the Fund's Innovation Facility under the Fund's strategic pillar on Innovation.

4. The MIE aggregator was described in the MTS as a vehicle through which at least 40 small grants would be awarded to non-accredited entities. The MTS also provides a timeline whereby the MIE "partner(s)" are to be "proposed to Board in October 2018 and announced at COP 24 (Dec 2018)".

5. 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)

6. 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.

7. 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)

8. Accordingly, a Call for Expressions of Interest was issued to MIEs in August 2018 (see Annex 1), requesting such submissions of expressions of interest to be submitted by the Deadline of September 17th, 2018, to the Adaptation Fund Board secretariat. The Call for Expressions of Interest provided a background to the initiative, as well as the objectives, provisional criteria, and guidance on the learning aspect of the initiative.

9. At its thirty-second meeting, having considered the comments and recommendation of the Project and Programme Review Committee, the Adaptation Fund Board (the Board) decided:

- (a) *To select and invite both the United Nations Development Programme and United Nations Environment Programme to serve as the multilateral implementing entity (MIE) aggregator(s) for small grants for innovation;*
- (b) *To request the secretariat to prepare a joint announcement of the initiative in conjunction with the twenty-fourth session of the Conference of the Parties to the United Nations Framework Convention on Climate Change;*
- (c) *To request the secretariat to develop guidance to the MIE aggregators for preparing proposals for small grant programmes for innovation;*

(d) *To establish a task force that would advise the secretariat on the development of the guidance; and*

(e) *To invite the two MIE aggregators to prepare respective proposals for the consideration of the Board.*

(Decision B.32/5)

10. At the thirty-second meeting through decision B.33/3, the Adaptation Fund Board decided to elect a Multilateral Implementing Entity (MIE) Aggregator Task Force that consisted of Board members and alternates in line with decision B.32/5. 7. At its thirty-fourth meeting, the Board through decisions B.34/33 and B.34/34 approved the Proposal for Special Financing Window in Support of Innovation for Adaptation to be implemented by the United Nations Environment Programme (UNEP) and Proposal for Adaptation Fund Innovation Small Grant Aggregator Platform (ISGAP) to be implemented by United Nations Development Programme (UNDP).

11. The two programmes were developed in tandem and launched jointly as Adaptation Fund Climate Innovation Accelerator (AFCIA), the initiative first announced by the Adaptation Fund at the United Nations Climate Change Conference (COP25) in Madrid in December 2019, and subsequently announced as operational in November 2020 by the Fund together with UNDP and UNEP/Climate and Technology Centre and Network (CTCN). Since then, AFCIA has been topped up by a contribution from the European Commission of EUR 10 million.

Expansion of the Adaptation Fund Climate Innovation Accelerator Programme partnership

12. The Adaptation Fund Board, through Decision B.39/61, approved the Fund's second and current Medium-Term Strategy (MTS II) for the 2023 – 2027 period. In its implementation it will continue to build on the work carried out under the previous MTS (2018-2022), which included the implementation of AFCIA. As part of MTS II, the Fund also seeks to further enhance and expand its support for locally-led adaptation (LLA) by fostering innovation and creating a portfolio of diverse and locally appropriate innovation projects and programmes, and thus contribute to its mission of accelerating effective adaptation action, innovation and learning in developing countries.

13. The expected results (ERs) for the innovation pillar under MTS II have been defined as follows:

- (i) 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.
- (ii) 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.
- (iii) 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.
- (iv) 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.

14. In line with the MTS II and following consultations with the members of the Innovation Task Force of the Board, the secretariat issued a Call for Expressions of Interest (EOI) with a view of the continuation and expansion of AFCIA to include additional multilateral and regional implementing entities (IEs) with capacity to administer small innovation grants in vulnerable regions and in relevant sectors.

15. Subsequently, the secretariat circulated the Call for Regional and Multilateral Implementing Entities to express their interest in applying for funding to support and expand AFCIA on the 20th of January 2023. IEs were invited to submit expressions of interest to the AFB Secretariat no later than the deadline of February 20, 2023. By the deadline, the secretariat had received five submissions, which were presented in document AFB/PPRC.31/58.

16. The secretariat also presented Document AFB/PPRC.31/59 concerning the 'Operational Policy and Guidance to Adaptation Fund Climate Innovation Accelerator (AFCIA) Implementing Entities', in line with the Medium-term Strategy (MTS II) 2023-2027.

17. Having considered the recommendations of the Project and Programme Review Committee concerning documents AFB/PPRC.31/58 and AFB/PPRC.31/59, the Adaptation Fund Board (the Board) decided:

- (a) *To invite the Pacific Community (SPC) to develop a programme proposal for an amount of up to US\$ 5,000,000;*
- (b) *To invite the Secretariat of the Pacific Regional Environment Programme (SPREP) to develop a programme proposal for an amount up to US\$ 5,000,000;*
- (c) *To invite the United Nations Environment Programme (UNEP) to develop a programme proposal for an amount up to US\$ 10,000,000;*
- (d) *To invite the United Nations Industrial Development Organization (UNIDO) to develop a programme proposal for an amount up to US\$ 10,000,000;*
- (e) *To invite the United Nations World Food Programme (WFP) to develop a programme proposal for an amount up to US\$ 10,000,000;*
- (f) *To invite the implementing entities (IEs) to prepare a programme proposal using the process elaborated in document AFB/PPRC.31/59 for the consideration of the Board at its forty-first meeting;*
- (g) *To invite UNEP, UNIDO and WFP to submit a proposal on extending coordination services to the Adaptation Fund Climate Innovation Accelerator (AFCIA) partnership for consideration by the Project and Programme Review Committee at its thirty-second meeting;*
- (h) *To request the selected IEs to indicate acceptance by letter to the Chair of the Board by no later than two weeks following the date of the official invitation notification;*
- (i) *To request the secretariat to increase the outreach to IEs regarding the AFCIA partnership.*

(Decision B.40/57)

Adaptation Fund Climate Innovation Accelerator small grants programme proposals

18. Pursuant to decision B.40/57 subparagraph (h), all selected IEs indicated acceptance following the official invitation notification.

19. Accredited IEs submitted three eligible AFCIA programme proposals to the secretariat, with the total requested funding amounting to US\$ 30,000,000. The proposals included US\$ 2,697,008 or an average of 9.88%¹ in IE management fees and US\$ 1,716,116 or 6.29%² in execution costs.

20. All three proposals are fully developed project proposals. They were submitted by the following Multilateral Implementing Entities of the Fund: World Food Programme (WFP), United Nations Industrial Development Organization (UNIDO) and United Nations Environment Programme (UNEP).

21. All the fully-developed programme documents provide an explanation and a breakdown of their execution costs and other administrative costs, and are in compliance with the following Board Decision made in the twelfth meeting:

(b) To request to the implementing entities that the project document include an explanation and a breakdown of all administrative costs associated with the project, including the execution costs.

(Decision B.12/7)

22. Details of the Adaptation Fund Climate Innovation Accelerator Small Grants Programme proposals are contained in separate PPRC working documents, as follows:

Table 1: Technically cleared proposals

Region	IE	PPRC Document number	Grant Size, USD	IE Fee, USD	IE Fee %	Execution Cost, USD	EC %
Global	WFP	AFB/PPRC.32/19	10,000,000	887,098	9.73%	134,673	1.48%
Global	UNIDO	AFB/PPRC.32/20	10,000,000	900,819	9.90%	672,402	7.39%
Total			20,000,000	1,787,917		807,075	

Table 2: Not technically cleared (reference to information document)

Region	IE	PPRC Document number	Grant Size, USD	IE Fee, USD	IE Fee %	Execution Cost, USD	EC %
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¹ The implementing entity management fee percentage is calculated compared to the project budget including the project activities and the execution costs, before the management fee.

² The execution costs percentage is calculated as a percentage of the project budget, including the project activities and the execution costs, before the implementing entity management fee.

Global	UNEP	AFB/PPRC.32/Inf19	10,000,000	909,091	10%	909,091	10%
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The review process

23. The secretariat received the three AFCIA coordination project submissions for the AFB41 review cycle. All three submissions were found to be eligible and, in accordance with the operational policies and guidelines, the secretariat screened and prepared technical reviews for them.

24. The eligible AFCIA small grants programme submissions were posted online for public review and the Adaptation Fund's NGO network as well as the Board were notified and invited to provide comments within a specified period (no comments were received.)

25. In line with the Board request at its tenth meeting, the secretariat shared the initial technical review findings with the MIEs that had submitted the proposals and solicited their responses to specific items requiring clarification. Responses were requested by e-mail, and the time allowed for the IEs to respond was three weeks. The IEs were offered the opportunity to discuss the initial review findings with the secretariat by telephone as is the usual practice.

26. The secretariat subsequently reviewed the IEs' responses to the clarification requests, and compiled comments and recommendations that are presented in the addendum to this document (AFB/PPRC.32/18/Add.1).

27. For the two technically cleared proposals (Table 1), the secretariat was able to conduct three rounds of review. The proposal not yet technically cleared (Table 2), the secretariat was unable to conduct more than one technical review, as the proposal was received a day before the review pause period.

Adaptation Fund Climate Innovation Accelerator proposals for coordination services

28. Pursuant to decision B.40/57 subparagraph (g) accredited MIEs submitted to the secretariat three eligible proposals to provide coordination services to the AFCIA programme partnership. The total requested funding of those proposals amounts to US\$ 14,432,222.

29. The proposals were submitted by the invited MIEs: World Food Programme (WFP), United Nations Industrial Development Organization (UNIDO) and United Nations Environment Programme (UNEP). Details of the proposals, including the comments raised in the technical review are contained in an addendum to the current document that has been circulated to the Board, AFB/PPRC.32/18/Add.2.

Issues identified

30. The secretariat reviewed all three proposals for providing coordination services to the AFCIA partnership. In line with the Board request at its tenth meeting, the secretariat shared the initial technical review findings with the MIEs that had submitted the proposals and solicited their responses to specific items requiring clarification. Responses were requested by e-mail, and the time allowed for the IEs to respond was three weeks. The IEs were offered the opportunity to discuss

the initial review findings with the secretariat by telephone as is the usual practice.

31. The secretariat subsequently reviewed the IEs' responses to the clarification requests, and compiled the technical review comments along with the proposals that are presented in the addendum to this document (AFB/PPRC.32/18/Add.2).

32. The secretariat completed two technical reviews for one proposal. For two of the proposals, the secretariat was able to conduct only one technical review. In one case, the proposal was submitted by the IE one day prior to the review pause period, allowing the secretariat sufficient time to conduct only one technical review of the proposal. In the second case, the IE decided to hold back on the resubmission of its proposal after the first technical review until the discussion at the PPRC.

33. One of the IEs raised the importance of including elements that would be essential to coordination even if that IE does not end up receiving a mandate for extending coordination services.

Table3: Project proposals forwarded to the forty-first Adaptation Fund Board meeting (AFB 41)

Region	IE	PPRC Document number	Grant Size, USD	IE Fee, USD	IE Fee %	Execution Cost, USD	EC %
Global	WFP	AFB/PPRC.32/19	10,000,000	887,098	9.73%	134,673	1.48%
Global	UNIDO	AFB/PPRC.32/20	10,000,000	900,819	9.90%	672,402	7.39%
Total			20,000,000	1,787,917		807,075	