



ADAPTATION FUND

AFB/B.42-43/14
1 August 2024

Adaptation Fund Board

**REQUEST FOR NO-COST EXTENSION OF PROGRAMME
COMPLETION DATE: UNITED NATIONS DEVELOPMENT
PROGRAMME (INNOVATION SMALL GRANT AGGREGATOR
PLATFORM)**

Background

1. The Adaptation Fund Board (the Board) during its thirty-fourth meeting, approved a four-year programme under the Adaptation Fund Climate Innovation Accelerator, titled “Adaptation Fund-UNDP Innovation Small Grant Aggregator Platform (ISGAP)” submitted by the United Nations Development Programme (UNDP) for a total amount of US\$ 5,000,000 (Decision B.34/34).
2. The overall goal of the programme is to support the development, diffusion and evidence building of innovative adaptation practices, tools, technologies, and business models for local adaptation in developing countries, through the issuance of micro and small grants to non-governmental organizations (NGOs), civil society, women, and young innovators.
3. As mandated by the decision, an agreement was prepared and signed between the Board and UNDP in March 2020 and the programme started implementation on 28 October 2020.
4. The programme implementing entity submitted three project performance reports (PPRs), which have been cleared by the secretariat, and as of 12 June 2024, a total programme funding for an amount of US\$ 5,000,000 including the programme fees, has been disbursed by the trustee, which corresponds to 100% of the approved grant.
5. On 29 May 2024, UNDP submitted the first request for a regular seventeen-months no-cost extension of the programme completion date, from 28 October 2024 to 31 March 2026 (see Annex 1).
6. The reason for this request, as outlined in the memo shared by UNDP, includes the rationale that the programme has experienced some setbacks related to COVID-19 which significantly affected the recruitment and conformation of ISGAP’s programme management unit (PMU), especially during 2020 and 2021. This resulted in the assignment of the Project Manager and the Financial and Reporting Analyst only towards the beginning of 2022, with the rest of the PMU team members recruited during 2022 and 2023.
7. Secondly, the considerable expansion in the programme’s scope after receiving European Union’s financial contribution (US\$ 11,921,935), prompted the need for a redesign of ISGAP’s governance structure and implementation mechanisms. Finally, the mid-term- term review for the ISGAP programme, carried out during the first quarter of 2023, recommended that the programme should request a no-cost extension of at least one year. This recommendation was accepted by UNDP in the Management Response and is being actioned by the PMU in a timely manner.

Secretariat’s review of the request

8. Following a review of the request by the secretariat and considering the explanation provided by UNDP, the secretariat is of the view that this seventeen-months no-cost extension request is justified. As evidenced by the memo provided by UNDP (Annex 1), in general, this request would allow sufficient time for the programme to catch up with programme delivery, and the expected indicators and results. Furthermore, it would provide equal opportunity for the second cohort of grantees to apply and receive a scaling round of funding. The secretariat duly acknowledges that ISGAP’s added value revolves around scaling up innovative solutions, and that local actors will benefit from participating in the programme for an extended period, receiving technical assistance, and connecting them with strategic actors.

9. Finally, the secretariat acknowledges that, given the global nature of the AFCIA programme, endorsement from Designated Authorities is not required for this extension, and that this no-cost programme extension request has been preliminarily endorsed by the programme board members.

Recommendation

10. The Board may consider and decide to approve the request for a seventeen-months no-cost extension of the programme completion date from 28 October 2024 to 31 March 2026, for the programme “Adaptation Fund-UNDP Innovation Small Grant Aggregator Platform (ISGAP)” as requested by UNDP.

Annex

1. Request for an extension of the programme completion date from UNDP

Annex 1: Request for an Extension of the Programme Completion Date

AFB/B.34-35/6

ANNEX A: REQUEST FOR EXTENSION OF CONCRETE ADAPTATION PROJECT/PROGRAMME

Request for extension of project/programme completion date

Implementing Entity Name: United Nations Development Programme (UNDP)			
AF Project/programme ID: GLO/MIE/Multi/2019/2/Innovation			
Project/programme Title: Adaptation Fund-UNDP Innovation Small Grant Aggregator Platform (ISGAP)			
Country: Global			
Project/Programme Approval (date)	11 October 2019		
Expected Project/programme Completion (date)	28 October 2024	Proposed Revised Completion (date):	31 March 2026

Reasons/justifications for the extension of project/programme completion:

<p>Background on Project Implementation</p> <p>The ISGAP project is a \$16+ million program funded by the Adaptation Fund (\$ 5,000,000 USD) and the European Union (\$11,921,935 USD), which supports the development, diffusion and evidence building of innovative adaptation practices, tools, technologies and business models for local adaptation in developing countries, through the issuance of micro and small grants to NGOs, civil society, women and young innovators. In this format we will only refer to the portion financed by the Adaptation Fund.</p> <p>The ISGAP Project's agreement between UNDP and the Adaptation Fund Board was signed in March 2020, and the ProDoc was signed in November 2020, giving official start to the project in the latter date. However, the proper implementation of project activities only happened until late 2021 due to a prolonged conformation of the PMU. This is a project has a direct implementation modality (DIM), and UNDP is acting as an Implementing Partner (IP).</p> <p>The Mid-term- term review for the ISGAP Project was carried out during the first quarter of 2023, and one of the key findings highlighted that, despite a prolonged initiation process and the challenges posed by COVID-19, the ISGAP project has achieved nearly 50% compliance with the expected end results, signifying a commendable level of adherence at the mid-term assessment. However, recommendation number 8, related to Project Management, indicates that "the programme should request a no-cost extension of at least one year". This recommendation was accepted by UNDP in the Management Response and is being actioned by the PMU in a timely manner.</p> <p>Justification for Extension</p> <p>During the Fifth Project Board Meeting (14th of December 2023), UNDP further presented to the board members contextual information about the main causes for the ISGAP project to be delayed, as summarized below:</p> <ul style="list-style-type: none"> • COVID-19 significantly affected the recruitment and conformation of ISGAP's PMU, especially during 2020 and 2021. This resulted in the incorporation of the Project Manager and the Financial and Reporting Analyst only towards the beginning of 2022, with the rest of the PMU team members pending to be recruited during 2022 and 2023. The full core PMU team was finally engaged towards
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mid-2023.

- The considerable expansion in the project's scope when receiving EU's financial contribution (to the original project signed with the AF), prompted the need for a redesign of ISGAP's governance structure and implementation mechanisms.

Rationale for extension

Even though the project team has made great efforts to catch up with project delivery, and the expected indicators and results have been met on a yearly basis, there are two main reasons that would justify requesting an extension to the two project donors (AF and EU):

1. To provide the equal opportunity for the 2nd cohort of grantees to apply and receive a scaling round of funding. Per the project design, there are two cohorts of grantees, each with initial 18 months of pilot, 12 months of scale up phase. Considering that cohort 2 started LVGA implementation in August 2023, they would require at least an additional 12 months during 2025 to receive additional funding that could help their innovation scale up.
2. Based on the reporting reports received from the grantees, scaling up, diversifying income, and implementing a solid exit strategy for the proposed 44 innovative solutions will take more time than only 12-18 months (which has been the standard implementation period of the LVGAs for cohorts 1 and 2). Since ISGAP's added value revolves around scaling up these innovative solutions, we believe these local actors will benefit from participating in the project for an extended period, receiving technical assistance, and connecting them with strategic actors.

This is the first time UNDP requests a no-cost extension for the project. UNDP would like to clarify that due to the delays in the initial year of implementation (2021), there were almost no expenditures reported for that year, which allows the PMU to roll up the unused funds to 2025, without requiring for additional funding from donors to support this request of extension.

The proposal for a project extension has been already informally discussed with both donors (AF and EU) which at a first glance, understood the reasons for the delay and justification for the extension. Likewise, during the Fifth Project Board Meeting the decision of submitting a formal project extension request for clearance by UNDP (internally, first) and by the two donors, was agreed and endorsed, and shall be initiated by the PMU in the first quarter of 2024. It was also recommended to develop a section in the current 2023 Annual Report mentioning the need for extension until the end of 2025, not only to formally inform the donors, but to also begin the formal request process according to the contractual agreements and procedures.

It is important to mention that the project board members preliminarily endorsed this extension request, subject to the completion of internal UNDP processes on time. The Project Board members also requested the PMU to keep them informed of the progress made on this front and to review the workplan and budget with the 2025 tentative extension.

Enclosures:

Annex I: Fifth Project Board Meeting of the AF-UNDP Adaptation Fund Climate Innovation Accelerator (AFCIA)

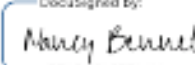
Annex II: Mid-term Review (MTR) Report (recommendation No.8)

Implementing Entity certification

This request has been prepared in accordance with Adaptation Fund policies and procedures, has been agreed by participating executing entities, and the designated authority (DA) has been notified.

Nancy Bennet
Executive Coordinator, A.I.
Vertical Fund Programme Support, Oversight and Compliance Unit
Bureau for Policy and Programme Support
United Nations Development Programme

Signature:

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Date: 22 May, 2024

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