



United Nations
Framework Convention on
Climate Change



ADAPTATION FUND

AF Project Cycle and Approval Process

**Apia, Samoa
23-25 April 2012**



Financing criteria

- Funding provided on **full adaptation costs basis** of projects and programmes to address the adverse effects of climate change
- AF will finance projects/programmes whose principal and explicit aim is to **adapt and increase climate resilience**
- Projects/programmes have to be **concrete**: visible and tangible results on the ground



Definitions

Projects and Programmes

- A **concrete adaptation project/programme** is defined as a set of activities aimed at addressing the adverse impacts of and risks posed by climate change. The activities shall aim at producing visible and tangible results on the ground by reducing vulnerability and increasing the adaptive capacity of human and natural systems to respond to the impacts of climate change, including climate variability. Adaptation projects/programmes can be implemented at the community, national, regional and transboundary level.



Definitions

Projects and Programmes

- Projects/programmes concern activities with a specific objective(s) and concrete outcome(s) and output(s) that are measurable, monitorable, and verifiable.
- An adaptation programme is a process, a plan or an approach for addressing climate change impacts that is broader than the scope of an individual project.



Financing criteria (2)

- Accommodation of different country circumstances: **no prescribed sectors or approaches**
- Focus on **vulnerable communities**
- All projects/programmes must include a **knowledge component**
- Temporary country cap: USD 10 million
- Temporary cap for MIE share of funds: 50%



Prerequisites for proposing project

- Recipient country/countries eligibility
- Proposed by an accredited Implementing Entity (NIE / RIE / MIE)
- Proposal and access modality endorsed by the Designated Authority (DA)
- Country/ies did not receive funds up to country cap
- Proposal has to meet project review criteria



Financing Windows

- Parties may undertake adaptation activities under the following categories:
 - a) Small-size projects and programmes (proposals requesting up to \$1 million); and
 - b) Regular projects and programmes (proposals requesting over \$1million).



Project/Programme Proposals

- NIE proponents can get Project Formulation Grant for developing endorsed concepts to full proposals
- Deadline for proposals 9 weeks before AFB meetings



Project Concept Required Content

- All concept content areas also apply to fully-developed project documents
 - more information is required at that stage
- Country Eligibility
 - Country should be party to the Kyoto Protocol
 - Country should be a developing country particularly vulnerable to the adverse effects of climate change (all non-Annex I countries qualify)



Project Concept Required Content (2)

- Project Justification
 - The project endorsed by the government through its Designated Authority
 - The project / programme supports concrete adaptation actions to assist the country in addressing the adverse effects of climate change and builds in climate change resilience: description of activities



Project Concept Required Content (3)

- Project Justification (continued)
 - The project / programme provides economic, social and environmental benefits, with particular reference to the most vulnerable communities, including gender considerations
 - Cost-effectiveness of the project / programme: comparison to other possible interventions



Project Concept Required Content (4)

- Project Justification (continued)
 - The project / programme consistence with national sustainable development strategies, national development plans, poverty reduction strategies, national communications or adaptation programs of action, and other relevant instruments
 - The project / programme meets the relevant national technical standards: EIA, building codes



Project Concept Required Content (5)

- Project Justification (continued)
 - The project does not duplicate / overlap with activities funded through other funding sources
 - The project / programme has a learning and knowledge management component to capture and feedback lessons
 - The project / programme has been developed through a consultative process involving all stakeholders, including vulnerable communities and women



Project Concept Required Content (6)

- Project Justification (continued)
 - The project / programme provides justification for the funding requested on the basis of the full cost of adaptation
 - The project / programme aligned with the AF results framework
 - The sustainability of the project/programme outcomes taken into account when designing the project



Full Proposal Additional Content

- Implementation Arrangements
 - Adequate arrangements for project management
 - Measures for financial and project risk management
 - Arrangements for monitoring and evaluation clearly defined, including a [budgeted M&E plan](#)
 - A project results framework included. Relevant targets and indicators disaggregated by gender



AF Results Framework

EXPECTED RESULTS	INDICATORS
Goal: Assist developing-country Parties to the Kyoto Protocol that are particularly vulnerable to the adverse effects of climate change in meeting the costs of concrete adaptation projects and programmes in order to implement climate-resilient measures.	
Impact: Increased resiliency at the community, national, and regional levels to climate variability and change.	
Outcome 1: Reduced exposure at national level to climate-related hazards and threats	1. Relevant threat and hazard information generated and disseminated to stakeholders on a timely basis
Output 1: Risk and vulnerability assessments conducted and updated at a national level	1.1. No. and type of projects that conduct and update risk and vulnerability assessments
	1.2. Development of early warning systems
Outcome 2: Strengthened institutional capacity to reduce risks associated with climate-induced socioeconomic and environmental losses	2.1. No. and type of targeted institutions with increased capacity to minimize exposure to climate variability risks
	2.2. Number of people with reduced risk to extreme weather events
Output 2.1: Strengthened capacity of national and regional centres and networks to respond rapidly to extreme weather events	2.1.1. No. of staff trained to respond to, and mitigate impacts of, climate-related events
Output 2.2: Targeted population groups covered by adequate risk reduction systems	2.1.2. Capacity of staff to respond to, and mitigate impacts of, climate-related events from targeted institutions increased
	2.2.1. Percentage of population covered by adequate risk-reduction systems
	2.2.2. No. of people affected by climate variability
Outcome 3: Strengthened awareness and ownership of adaptation and climate risk reduction processes at local level	3.1. Percentage of targeted population aware of predicted adverse impacts of climate change, and of appropriate responses
	3.2. Modification in behavior of targeted population
Output 3: Targeted population groups participating in adaptation and risk reduction awareness activities	3.1.1 No. and type of risk reduction actions or strategies introduced at local level
	3.1.2 No. of news outlets in the local press and media that have covered the topic



AF Results Framework (2)

Outcome 4: Increased adaptive capacity within relevant development and natural resource sectors	4.1. Development sectors' services responsive to evolving needs from changing and variable climate
	4.2. Physical infrastructure improved to withstand climate change and variability-induced stress
Output 4: Vulnerable physical, natural, and social assets strengthened in response to climate change impacts, including variability	4.1.1. No. and type of health or social infrastructure developed or modified to respond to new conditions resulting from climate variability and change (by type)
	4.1.2. No. of physical assets strengthened or constructed to withstand conditions resulting from climate variability and change (by asset types)
Outcome 5: Increased ecosystem resilience in response to climate change and variability-induced stress	5. Ecosystem services and natural assets maintained or improved under climate change and variability-induced stress
Output 5: Vulnerable physical, natural, and social assets strengthened in response to climate change impacts, including variability	5.1. No. and type of natural resource assets created, maintained or improved to withstand conditions resulting from climate variability and change (by type of assets)
Outcome 6: Diversified and strengthened livelihoods and sources of income for vulnerable people in targeted areas	6.1 Percentage of households and communities having more secure (increased) access to livelihood assets
	6.2. Percentage of targeted population with sustained climate-resilient livelihoods
Output 6: Targeted individual and community livelihood strategies strengthened in relation to climate change impacts, including variability	6.1.1.No. and type of adaptation assets (physical as well as knowledge) created in support of individual- or community-livelihood strategies
	6.1.2. Type of income sources for households generated under climate change scenario
Outcome 7: Improved policies and regulations that promote and enforce resilience measures	7. Climate change priorities are integrated into national development strategy
Output 7: Improved integration of climate-resilience strategies into country development plans	7.1. No., type, and sector of policies introduced or adjusted to address climate change risks
	7.2. No. or targeted development strategies with incorporated climate change priorities enforced



Alignment with AF results framework: example

Project Objective(s)	Project Objective Indicator(s)	Fund Outcome	Fund Outcome Indicator
Strengthened ability of coastal communities to undertake concrete actions to adapt to climate change-driven hazards	Number of risk-exposed coastal communities protected through adaptation measures	<u>Outcome 2:</u> Strengthened institutional capacity to reduce risks associated with climate-induced socioeconomic & environmental losses	<u>2.2 No. of people with reduced risk to extreme weather events</u>
Strengthened ability of coastal communities to make informed decisions about climate change-driven hazards affecting their specific locations	Number of communities with improved climate-related planning and policy frameworks in place	<u>Outcome 3:</u> Strengthened awareness and ownership of adaptation and climate risk reduction processes at local level	<u>3.1 Percentage of targeted population aware of predicted adverse impacts of climate change and of appropriate responses</u>
Project Outcome(s)	Project Outcome Indicator(s)	Fund Output	Fund Output Indicator
Reduced exposure and increased adaptive capacity of coastal communities to flood-related risks and hazards	Number of communities covered by improved warning system and weather information	<u>Output 2.2:</u> Targeted population groups covered by adequate risk reduction systems	<u>2.21. Percentage of population covered by adequate risk-reduction systems</u>
Improved awareness of adaptation and climate change-related hazards affecting coastal communities	Percentage of population involved in developing improved climate-related planning and policy frameworks	<u>Output 3:</u> Targeted population groups participating in adaptation and risk reduction awareness activities	<u>3.1.1 No. and type of risk reduction actions or strategies introduced at local level</u>



Full Proposal Additional Content (2)

- Information accrued during project development
 - Results of consultative process with stakeholders
 - Results of preparatory assessments, if any
 - More detailed information on all technical and operational aspects of the project
- Disbursement schedule
- Relevant additional documents as annexes



Provisions on project budget

- The requested project funding must be within the cap of the country: currently USD 10 M
- The Implementing Entity management fee must be at or below 8.5 per cent of the total project/ programme budget before the fee
- The project/programme execution costs must be at or below 9.5 per cent of the total project/ programme budget before the fee

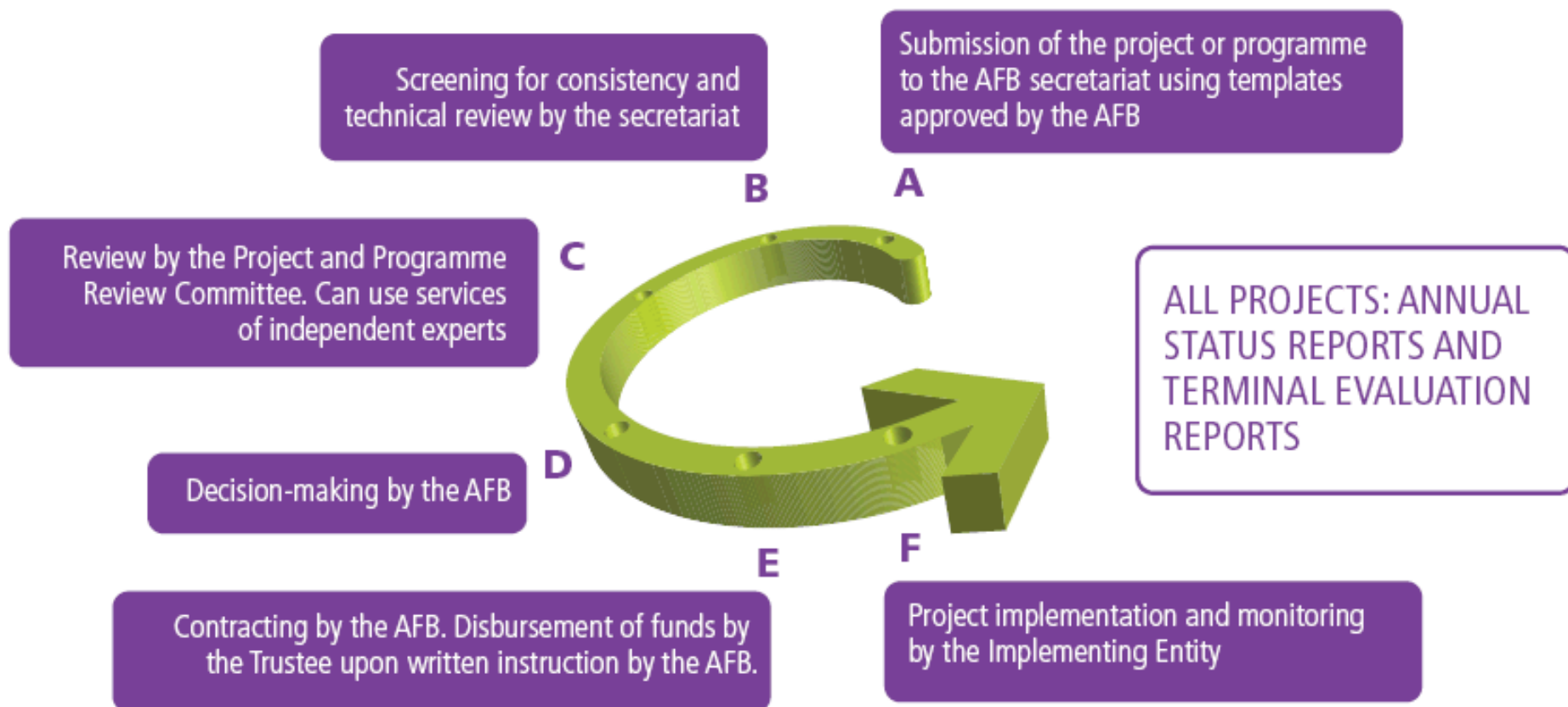


Important steps in project development

- Acquiring adequate information about the adaptation challenge and other factors
- Ensuring alignment with national strategies and plans
- Avoiding overlap with other similar projects
- Ensuring alignment with AF results framework
- Adequate consultations with vulnerable communities and women (for full proposal)



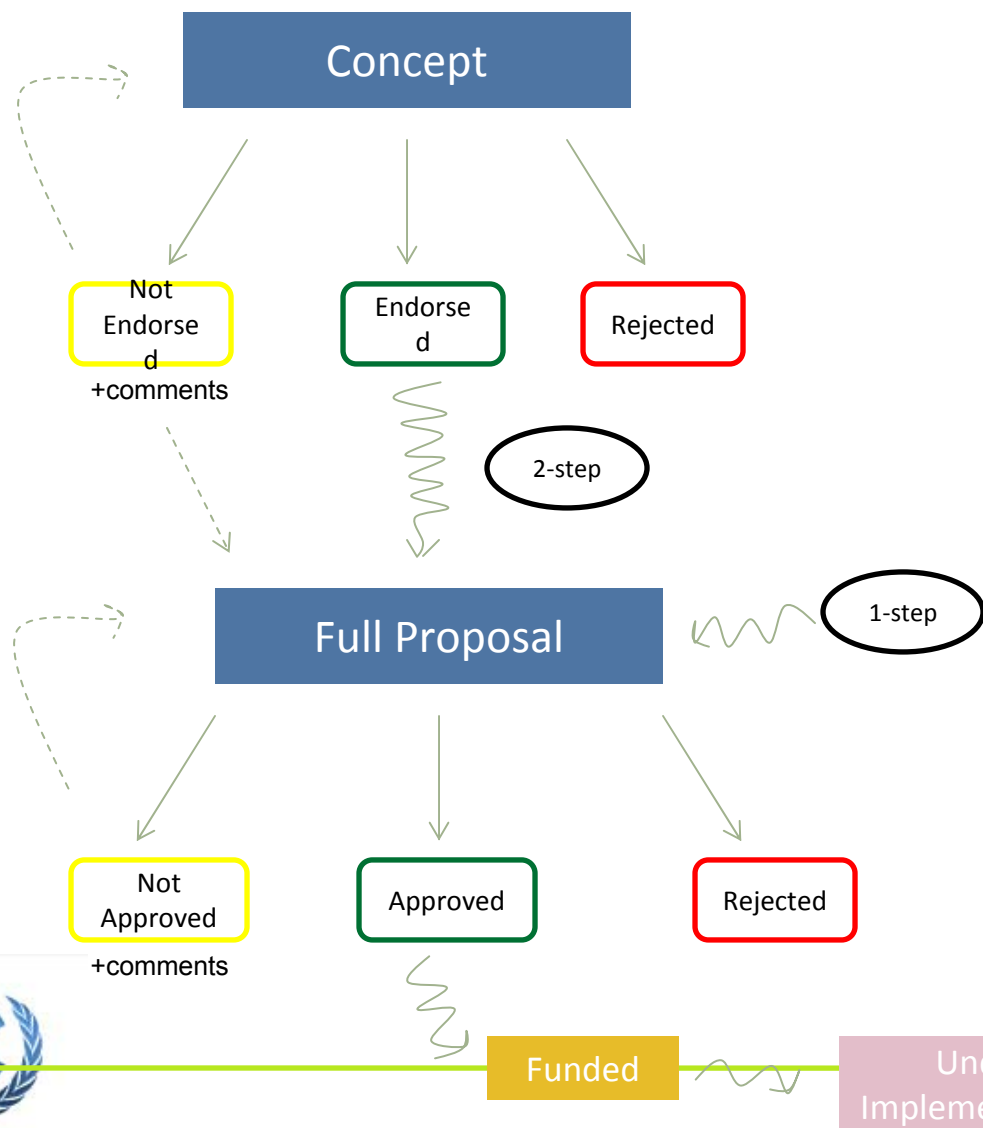
AFB PROJECT CYCLE



All proposals will be posted on the AF website with a possibility for public commenting



The Traffic Light System



For **projects/programmes larger than USD 1M**, a choice of a **one step** (full proposal) or **two step** process (concept approval and project/programme document)

For **small-scale** projects (below USD 1M) **one-step** process

Deadline: 9 weeks before AFB meeting start. Published on webpage



Key Decisions

Adoption of the following strategic decisions:

- Results Based Management (RBM) and Strategic Results Framework
- M & E framework and guidelines for final assessment
- Strategic framework for knowledge management
- Project Formulation Grant
- Reporting and alignment with disbursement



Transfer of Funds

- Project/programme funds are committed upon the approval of the proposal.
- Funds are not committed for endorsed concepts
- Funds are transferred in tranches based on the disbursement schedule linked to the annual Project Performance Reports (PPRs)



Project Reporting Process

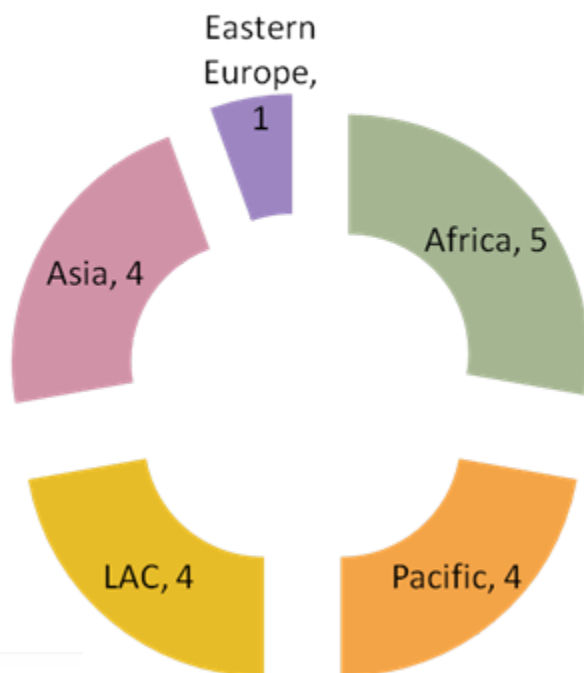
Report Type		Frequency	Responsibility
1.	Project/Programme Inception Report	Start of project/programme	Implementing Entity
2.	Project/Programme Performance Report (PPR)	Yearly, rolling basis	Implementing Entity
3.	Project/Programme Mid-term/Terminal Evaluations	Mid-term/End of project/programme	Implementing Entity
4.	Audited financial statement	Once, end of project	Implementing Entity
5.	Adaptation Fund Annual Performance Report (AFAPR)	Yearly, fiscal year	AFB secretariat
6.	Adaptation Fund Evaluation Report	Yearly, fiscal year	AFB independent evaluation function



The Adaptation Fund Project Portfolio

18 funding approvals since September 2010

Regions of Funded
Projects/Programmes as of 1
Jan 2012



Africa

- Senegal
- Eritrea
- Madagascar
- Mauritius
- Tanzania

Asia

- Maldives
- Mongolia
- Pakistan
- Turkmenistan

Eastern Europe

- Georgia

Latin America and Caribbean

- Uruguay
- Ecuador
- Honduras
- Nicaragua

Pacific

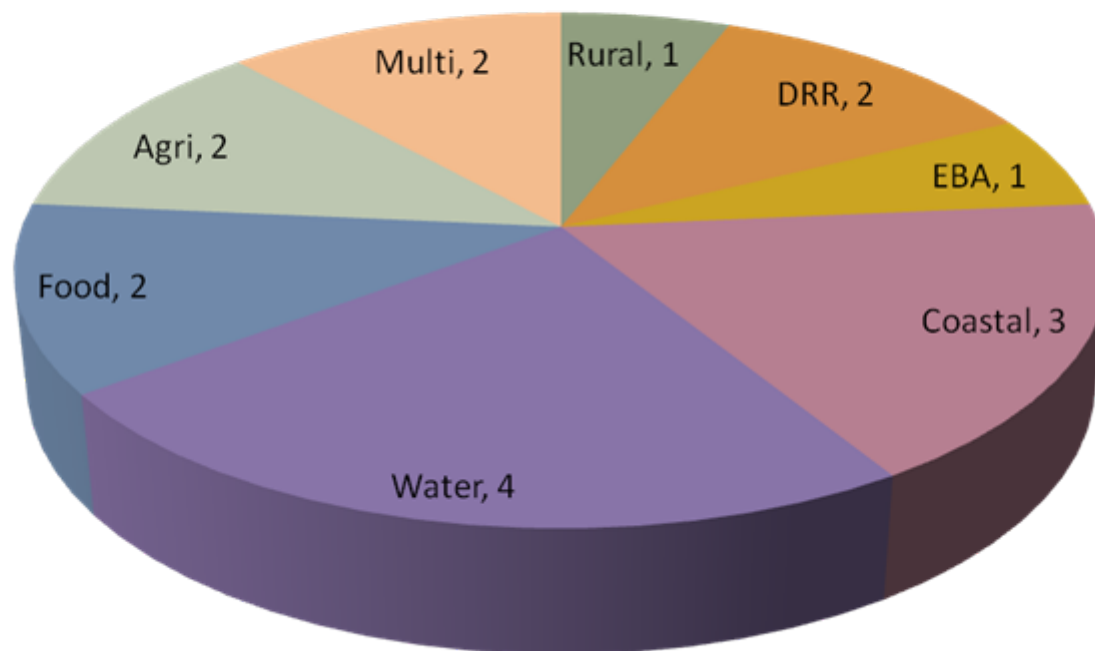
- Cook Islands
- Papua New Guinea
- Samoa
- Solomon Islands

Also: 13 endorsed project concepts



The Adaptation Fund Project Portfolio

Sectors of Funded Projects/Programmes
as of 31 December 2011



ANALYSIS OF CURRENT PORTFOLIO AND PIPELINE



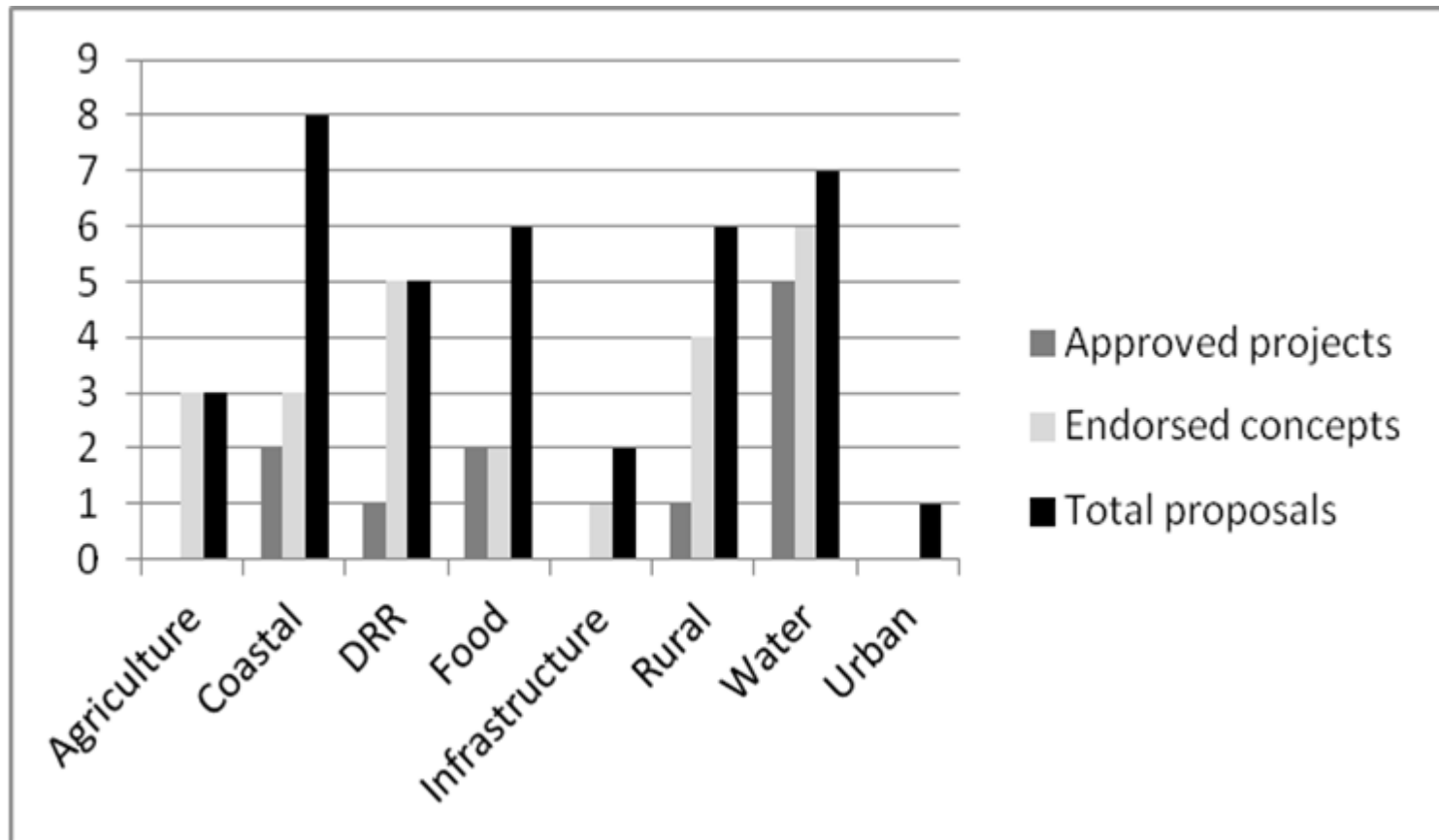
36 project/programme proposals

- From June 2010 to September 2011, **32 concepts and 18 full proposals submitted**;
- Small-size projects and programmes window has never been used

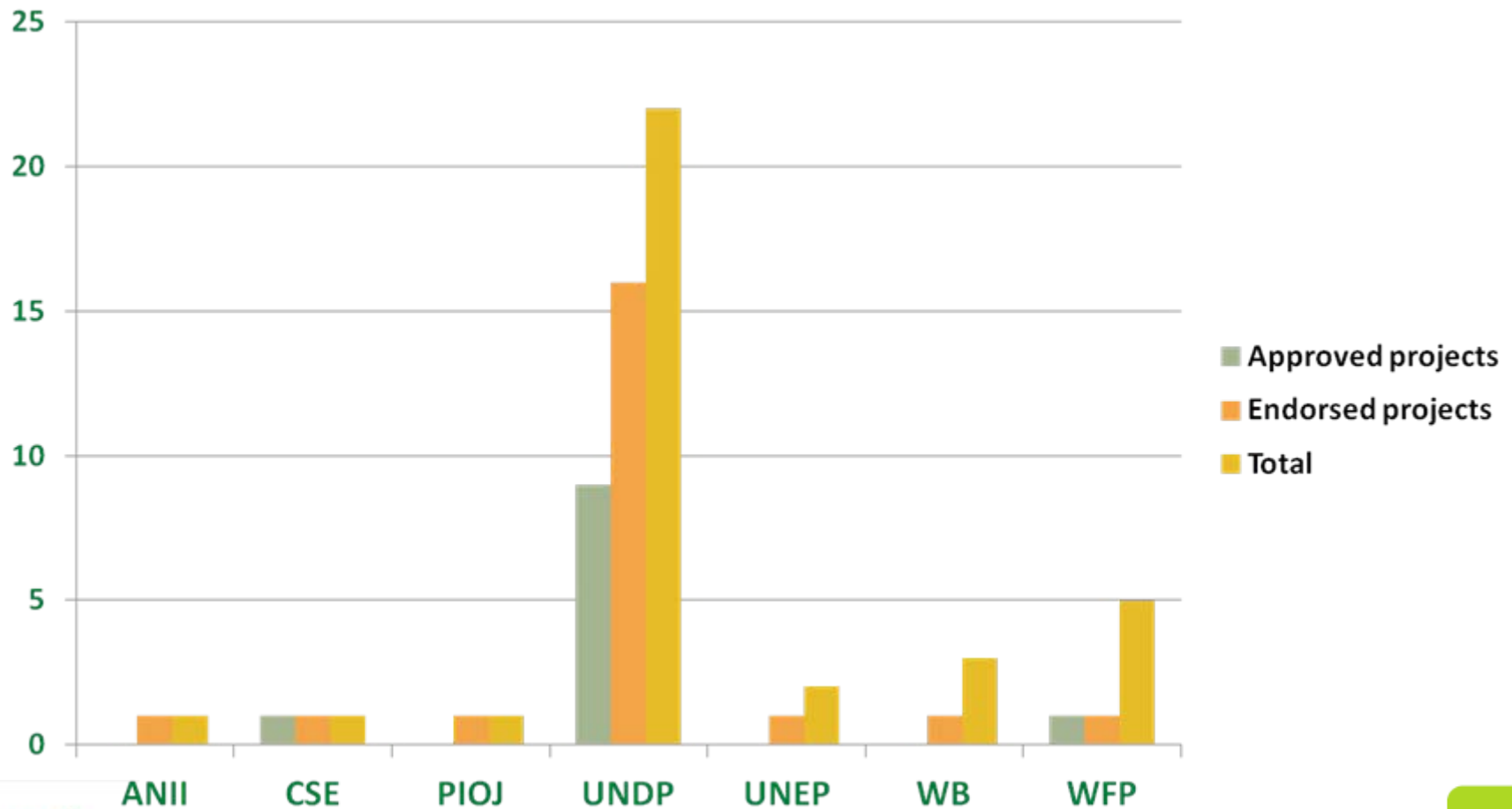
	Endorsed concepts	Concepts endorsed at first submission	Approved proposals	Proposals approved at first submission
Number	22	17	11	7
Total number submitted	32		18	
% of total submitted	65	50	61	39
% of total endorsed/ approved	-	77	-	64



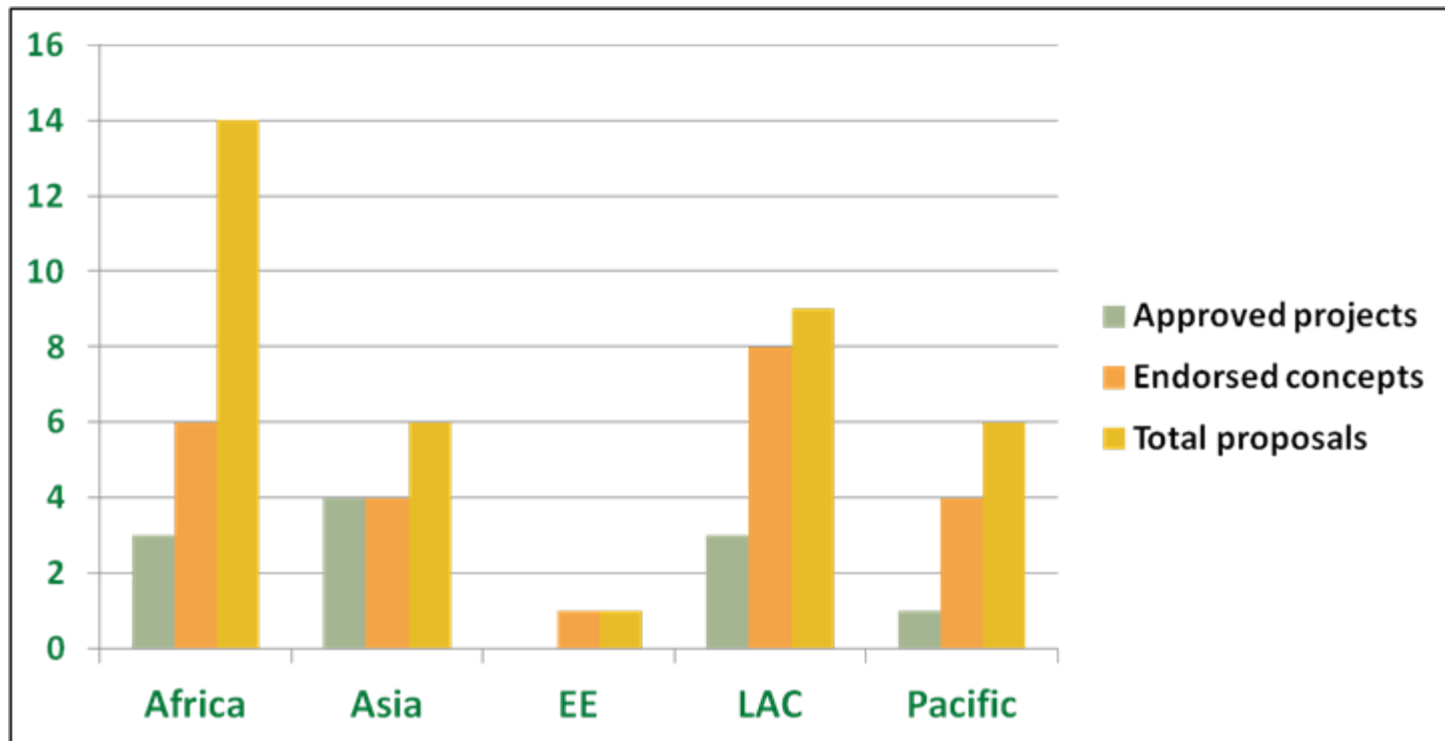
Variety of sectors



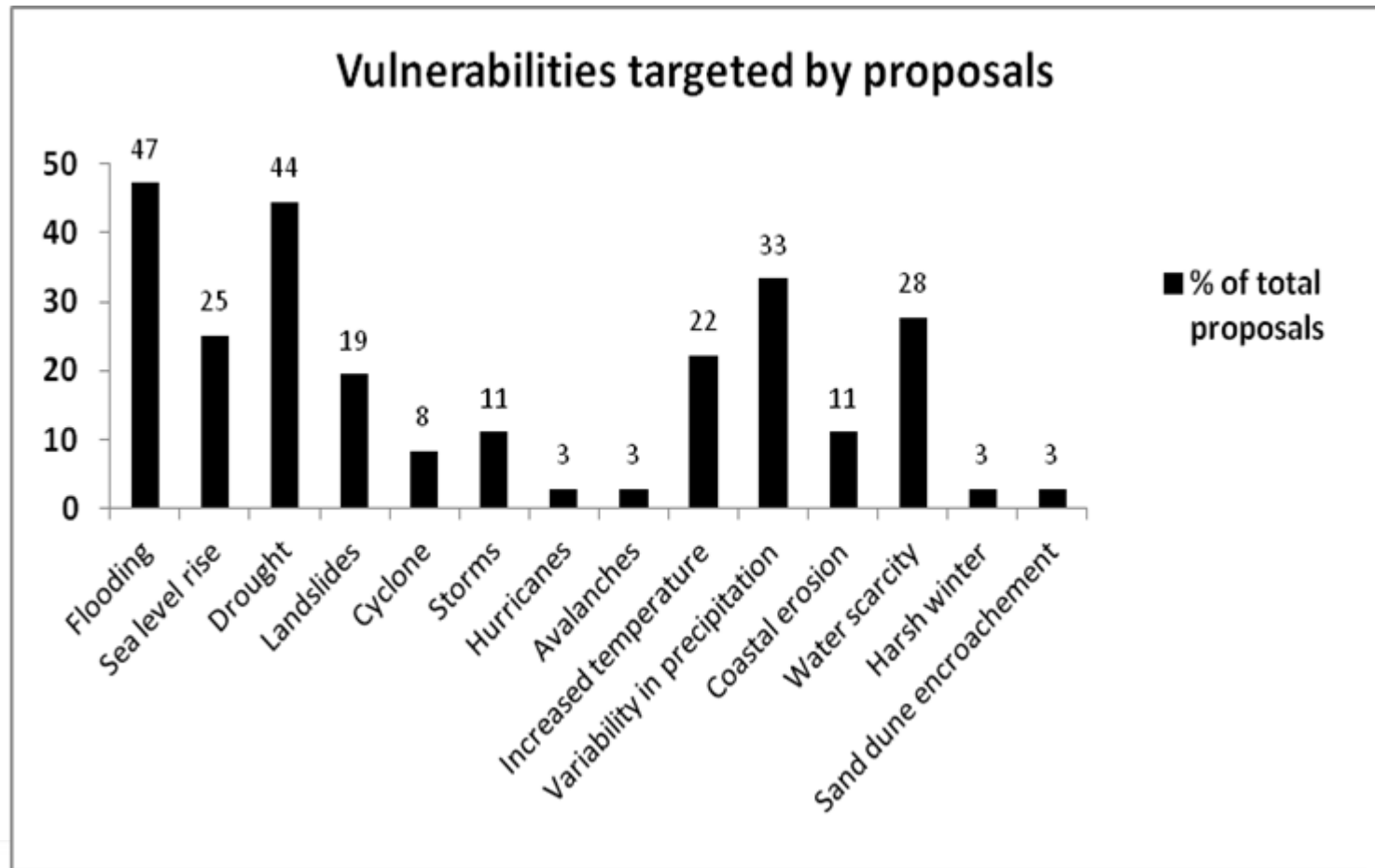
Proposals by Implementing Entity



Distribution by region



Vulnerabilities identified



Review criteria with the most issues during the review process

1. Does the project / programme support **concrete adaptation actions**?
2. Is the project / programme **cost-effective**?
3. Does the project / programme provide **economic, social and environmental benefits**, with particular reference to the most vulnerable communities, including gender considerations?
4. Is there **duplication** of project with other funding sources?
5. Does the project / programme meet the **relevant national technical standards**, where applicable?
6. Has a **consultative process** taken place, and has it involved all key stakeholders, and **vulnerable groups**, including gender considerations?



Common issues related to “concreteness” criterion

- Lack of cohesion among the components of the project/programme,
- Difficulty of distinguishing between an adaptation project and a “business-as-usual” development project and, related to that issue,
- Non-climatic barriers to achieving the project objective that would not be taken into account and finally
- Proposed adaptation measures not being suited or adequate for the identified climate threats.



LESSONS LEARNED

- **Approval/endorsement rate** is consistent with the strategic priorities of AF (swift processes and disbursements): **60-65%**
- Full proposals submitted through the **two-step process** are **more likely to get approved** than one-step;
- **More guidance** is needed on:
 - How to determine the **concrete adaptation actions** that are needed when designing the project/programmes,
 - How to evaluate the **cost effectiveness**,
 - The use of **relevant national technical standards** by the project and
 - How to handle the **consultation process** when preparing the proposal.



LESSONS LEARNED (2)

- **NIEs** have a very **low share** of the proposals submitted;
 - More NIEs are being accredited;
 - Accreditation Toolkit;
 - Cap of 50% on MIEs.
- UNDP = 63% of all proposals submitted;
 - Only 4 out of 9 MIEs have submitted proposals: lack of experience, interest, or willingness to give NIEs their chance?
 - Need for more guidance on AF projects/programmes review criteria?

