



ADAPTATION FUND

Adaptation Fund Board

OPERATIONAL POLICIES AND GUIDELINES FOR PARTIES TO ACCESS RESOURCES FROM THE ADAPTATION FUND

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INTRODUCTION

1. The Kyoto Protocol (KP), in its Article 12.8, states that “The Conference of the Parties serving as the meeting of the Parties to this Protocol shall ensure that a share of the proceeds from certified project activities is used to cover administrative expenses as well as to assist developing country Parties that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation.”¹ This is the legal basis for the establishment of the Adaptation Fund.
2. At the seventh session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC), held in Marrakech, Morocco, from October 29 to November 10, 2001 (COP7), the Parties agreed to the establishment of the Adaptation Fund (the Fund).²
3. In Montreal, Canada in November 2005³ and in Nairobi, Kenya in December 2006,⁴ the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP), decided on specific approaches, principles and modalities to be applied for the operationalization of the Fund.
4. In Bali, Indonesia, in December 2007, the CMP decided that the operating entity of the Fund would be the Adaptation Fund Board (the Board), serviced by a Secretariat and a Trustee.⁵ Parties invited the Global Environment Facility to provide secretariat services to the Board (the Secretariat), and the World Bank to serve as the trustee (the Trustee) of the Fund, both on an interim basis.
5. In particular, Decision 1/CMP.3, paragraph 5(b), lists among the functions of the Board to develop and decide on specific operational policies and guidelines, including programming guidance and administrative and financial management guidelines, in accordance with decision 5/CMP.2, and to report to the CMP.
6. In Poznan, Poland, in December 2008, through Decision 1/CMP.4, the Parties adopted:
 - (a) the *Rules of Procedures of the Adaptation Fund Board*;
 - (b) the *Memorandum of Understanding between the Conference of the Parties serving as the meeting of the Parties of the Kyoto Protocol and Council of the Global Environmental Facility regarding secretariat services to the Adaptation Fund Board*, on an interim basis;
 - (c) the *Terms and Conditions of Services to be Provided by the International Bank for Reconstruction and Development (the World Bank) as Trustee for the Adaptation Fund*, on an interim basis; and

¹ See FCCC/KP/Kyoto Protocol.

² See Decision 10/CP.7, “Funding under the Kyoto Protocol”.

³ See Decision 28/CMP.1, “Initial guidance to an entity entrusted with the operation of the financial system of the Convention, for the operation of the Adaptation Fund” in Annex I to this document.

⁴ See Decision 5/CMP.2, “Adaptation Fund”, in Annex I to this document.

⁵ See Decision 1/CMP.3, “Adaptation Fund”, in Annex I to this document.

(d) the *Strategic Priorities, Policies and Guidelines of the Adaptation Fund* (see Annex 1).

7. In Decision 1/CMP.4, paragraph 11, the CMP decided that the Adaptation Fund Board be conferred such legal capacity as necessary for the execution of its functions with regard to direct access by eligible developing country Parties. Further, in decision 4/CMP.4, paragraph 1, the Parties endorsed the Board decision to accept the offer of Germany to confer legal capacity on the Board. The German Act of Parliament which conferred legal capacity to the Board entered into force on February 8, 2011.
8. This document (hereafter “the operational policies and guidelines”), in response to the above CMP decisions, outlines operational policies and guidelines for eligible developing country Parties to access resources from the Fund. The operational policies and guidelines are expected to evolve further based on experience acquired through the operationalization of the Fund, subsequent decisions of the Board and future guidance from the CMP.

DEFINITIONS OF ADAPTATION PROJECTS AND PROGRAMMES

9. The Adaptation Fund established under decision 10/CP.7 shall finance concrete adaptation projects and programmes.
10. 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. Projects/programmes concern activities with a specific objective(s) and concrete outcome(s) and output(s) that are measurable, monitorable, and verifiable.
11. 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.

OPERATIONAL AND FINANCING PRIORITIES

12. The overall goal of all adaptation projects and programmes financed under the Fund will be to support concrete adaptation activities that reduce vulnerability and increase adaptive capacity to respond to the impacts of climate change, including variability at local and national levels.
13. Provision of funding under the Fund will be based on, and in accordance with, the *Strategic Priorities, Policies and Guidelines of the Adaptation Fund* adopted by the CMP, attached as Annex 1.
14. Funding will be provided on full adaptation cost basis of projects and programmes to address *the adverse effects of climate change*.⁶ *Full cost of adaptation* means the costs associated with implementing concrete adaptation activities that address the adverse

⁶ Decision 5/CMP.2, paragraph 1 (d).

effects of climate change. The Fund will finance projects and programmes whose principal and explicit aim is to adapt and increase climate resilience. The project/programme proponent is to provide justification of the extent to which the project contributes to adaptation and climate resilience. The Board may provide further guidance on financing priorities, including through the integration of information based on further research on the full costs of adaptation and on lessons learned.

15. In developing projects and programmes to be funded under the Fund, eligible developing country Parties may wish to consider the guidance provided in 5/CP.7. Parties may also consult information included in reports from the Intergovernmental Panel on Climate Change (IPCC) and information generated under the Nairobi Work Programme (NWP) on Impacts, Vulnerability and Adaptation to Climate Change.⁷
16. Decisions on the allocation of resources of the Fund shall take into account the criteria outlined in the *Strategic Priorities, Policies and Guidelines of the Adaptation Fund*, adopted by the CMP, specifically:
 - (a) Level of vulnerability;
 - (b) Level of urgency and risks arising from delay;
 - (c) Ensuring access to the fund in a balanced and equitable manner;
 - (d) Lessons learned in project and programme design and implementation to be captured;
 - (e) Securing regional co-benefits to the extent possible, where applicable;
 - (f) Maximizing multi-sectoral or cross-sectoral benefits;
 - (g) Adaptive capacity to the adverse effects of climate change.
17. Resource allocation decisions will be guided by paragraphs 9 and 10 of the *Strategic Priorities, Policies and Guidelines of the Adaptation Fund*.
18. The Board will review its procedures for allocating resources of the Fund among eligible Parties at least every three years, and/or as instructed by the CMP.

PROJECT/ PROGRAMME PROPOSAL REQUIREMENTS

19. To access Fund resources, a project /programme will have to be in compliance with the eligibility criteria contained in paragraph 15 of the *Strategic Priorities, Policies and Guidelines of the Adaptation Fund* and using the relevant templates (templates attached as Annex 3).

⁷ IPCC Assessment Report 4, see <http://www.ipcc.ch/ipccreports/assessments-reports.htm> and NWP see http://unfccc.int/adaptation/sbsta_agenda_item_adaptation/items/3633.php.

DESIGNATED AUTHORITY

20. Each Party shall designate and communicate to the secretariat the authority that will represent the government of such Party in its relations with the Board and its secretariat. The Designated Authority shall be an officer within the Party's government administration. The communication to the secretariat shall be made in writing and signed by either a Minister, an authority at cabinet level, or the Ambassador of the Party.
21. The main responsibility of the Designated Authority is the endorsement on behalf of the national government of: a) accreditation applications as National Implementing Entities submitted by national entities; b) accreditation applications as Regional or Sub-regional Implementing Entities submitted by regional or sub-regional entities; and c) projects and programmes proposed by the implementing entities, either national, regional, sub-regional, or multilateral.
22. The Designated Authority shall confirm that the endorsed project/programme proposal is in accordance with the government's national or regional priorities in implementing adaptation activities to reduce adverse impacts of, and risks posed by, climate change in the country or region.

FINANCING WINDOWS

23. 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).

ELIGIBILITY CRITERIA

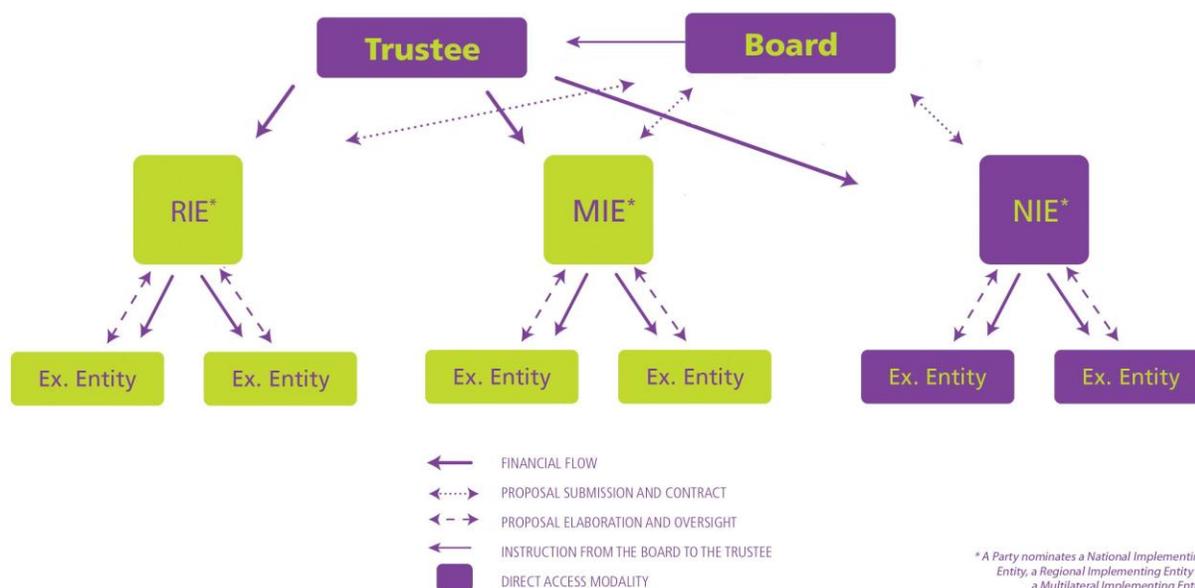
Country Eligibility

24. The Fund shall finance concrete adaptation projects and programmes in developing country Parties to the Kyoto Protocol that are particularly vulnerable to the adverse effects of climate change.
25. Paragraph 10 of the *Strategic Priorities, Policies and Guidelines of the Adaptation Fund* provides the country eligibility criteria.
26. A cap in resource allocation per eligible host country, project and programme will be agreed by the Board based on a periodic assessment of the overall status of resources in the Adaptation Fund Trust Fund and with a view to ensuring equitable distribution.

Implementing and Executing Entities

27. Eligible Parties who seek financial resources from the Adaptation Fund shall submit proposals directly through their nominated National Implementing Entity (NIE).⁸ They may, if they so wish, use the services of Multilateral Implementing Entities (MIE). The implementing entities shall obtain an endorsement from the government through the Designated Authority referred to in paragraph 20 above. The options of submitting different projects/programmes through an NIE and through an MIE are not mutually exclusive. The modalities for accessing resources of the Adaptation Fund are outlined in Figure 1.

FIGURE 1: MODALITIES FOR ACCESSING RESOURCES OF THE ADAPTATION FUND



28. National Implementing Entities (NIE) are those national legal entities nominated by Parties that are recognized by the Board as meeting the fiduciary standards approved by the Board. The NIEs will bear the full responsibility for the overall management of the projects and programmes financed by the Adaptation Fund, and will bear all financial, monitoring and reporting responsibilities.
29. A group of Parties may also nominate regional and sub-regional entities as implementing entities (RIE/SRIE), and thereby provisions of paragraph 28 will apply. In addition to the nomination of an NIE an eligible Party may also nominate a RIE/SRIE and may submit project/programme proposals through an accredited RIE/SRIE that is operating in their region or sub-region. The application for accreditation shall be endorsed by at least two country members of the organization. The RIE/SRIEs will bear the full responsibility for

⁸ They may include *inter alia*, ministries, inter-ministerial commissions, government cooperation agencies.

the overall management of the projects and programmes financed by the Adaptation Fund, and will bear all financial, monitoring and reporting responsibilities.

30. Multilateral Implementing Entities (MIE) are those Multilateral Institutions and Regional Development Banks invited by the Board that meet the fiduciary standards approved by the Board. The MIEs, chosen by eligible Parties to submit proposals to the Board, will bear the full responsibility for the overall management of the projects and programmes financed by the Adaptation Fund, and will bear all financial, monitoring and reporting responsibilities.
31. In the case of regional (i.e., multi-country) projects and programmes, the proposal submitted to the Board should be endorsed by the Designated Authority of each participating Party.
32. Executing Entities are organizations that execute adaptation projects and programmes supported by the Fund under the oversight of Implementing Entities.

ACCREDITATION OF IMPLEMENTING ENTITIES

Fiduciary Standards

33. Among principles established for the Fund (Decision 5/CMP.2) is “sound financial management, including the use of international fiduciary standards.” At its 7th meeting the Board adopted fiduciary standards governing the use, disbursement and reporting on funds issued by the Adaptation Fund covering the following broad areas (refer to Annex 2 for details):
 - (a) Financial Integrity and Management:
 - (i) Accurately and regularly record transactions and balances in a manner that adheres to broadly accepted good practices, and are audited periodically by an independent firm or organization;
 - (ii) Managing and disbursing funds efficiently and with safeguards to recipients on a timely basis;
 - (iii) Produce forward-looking financial plans and budgets;
 - (iv) Legal status to contract with the Fund and third parties
 - (b) Institutional Capacity:
 - (i) Procurement procedures which provide for transparent practices, including in competition;
 - (ii) Capacity to undertake monitoring and evaluation;
 - (iii) Ability to identify, develop and appraise project/programme;
 - (iv) Competency to manage or oversee the execution of the project/programme including ability to manage sub-recipients and to support project /programme delivery and implementation.

- (c) Transparency and Self-investigative Powers: Competence to deal with financial mismanagement and other forms of malpractice.

Accreditation Process

34. Accreditation for the implementing entities would follow a transparent and systematic process through an Adaptation Fund Accreditation Panel (the Panel) supported by the Secretariat. The Panel will consist of two Board Members and three experts. The different steps for accreditation are as follows:
- (a) The Board will invite Parties⁹ to each nominate a National Implementing Entity (NIE); the Board will issue a call to potential Multilateral Implementing Entities (MIE) to express interest in serving as an MIE;
 - (b) Potential implementing entities (NIEs, RIEs, or MIEs), will submit their accreditation applications to the Secretariat together with the required supporting documentation to verify how they meet the fiduciary standards;
 - (c) The Secretariat will screen the documentation to ensure that all the necessary information is provided, and will follow-up with the potential implementing entities to ensure that the application package is complete. The Secretariat will forward the complete package to the Panel within 15 (fifteen) working days following receipt of a candidate implementing entity's submission;
 - (d) The Panel will undertake a desk-review of the application and forward its recommendation to the Board; should the Panel require additional information prior to making its recommendation, a mission and/or a teleconference may be undertaken with regard to the country concerned.¹⁰
 - (e) The Board may provide further guidance on the required information in the future on the basis of lessons learned; and
 - (f) The Board will make a decision and in writing will notify the entity of the outcome, which could fall into one of the following categories:
 - (i) Applicant meets requirements and accreditation is approved; or
 - (ii) Applicant needs to address certain requirements prior to full accreditation.
35. In case the nominated NIE does not meet the criteria, an eligible Party may resubmit its application after addressing the requirements of the Board or submit an application nominating a new NIE. In the meantime, eligible Parties are encouraged to use the services of an accredited RIE/SRIE or MIE, if they so wish, to submit project/programme proposals for funding. An applicant MIE that does not meet the criteria for accreditation may also resubmit its application after addressing the requirements of the Board.

⁹ The Designated Authority referred to in paragraph 20 above shall endorse the application for accreditation on behalf of the Party.

¹⁰ The Panel will specify areas requiring further work to meet the requirements and may provide technical advice to address such areas. In exceptional circumstances, an external assessor may be used to help resolve especially difficult/contentious issues.

36. Accreditation will be valid for a period of 5 years with the possibility of renewal. The Board will develop guidelines for renewal of an implementing entity's accreditation based on simplified procedures that will be established at a later date.
37. The Board reserves the right to review or evaluate the performance of implementing entities at any time during an implementing entity's accreditation period. It also reserves the right to investigate the use of the Fund resources, if there is any indication of misappropriate allocations. An investigation could include an independent audit of the use of the Fund resources. A minimum notification of 3 months will be given to an implementing entity if they have been identified by the Board as being the object of a review or evaluation.
38. The Board may also consider suspending or cancelling the accreditation of an implementing entity if it made false statements or provided intentionally false information to the Board both at the time of accreditation to the Board or in submitting a project or programme proposal.
39. Before the Board makes its final decision on whether to suspend or cancel the accreditation of an implementing entity, the entity concerned will be given a fair chance to present its views to the Board.

PROJECT/PROGRAMME CYCLE

40. The project/programme cycle of the Adaptation Fund for any project or programme size begins with a proposal submission to the Secretariat by the NIE/RIE/MIE chosen by the Party/ies. The Designated Authority referred to in paragraph 20 above shall endorse the proposal submission. The submission is followed by an initial screening, project/programme review and approval.¹¹

Review and Approval of Small-size Projects and Programmes

41. In order to expedite the process of approving projects/programmes and reduce unnecessary bureaucracy, small-size projects will undergo a one-step approval process by the Board. The proposed project cycle steps are as follows:
 - (a) The project/programme proponent submits a fully developed project/programme document¹² based on a template approved by the Board (Annex 3, Appendix A). A disbursement schedule with time-bound milestones will be submitted together with the fully developed project/programme document. Proposals shall be submitted to the Board through the Secretariat. The timetable for the submission and review of proposals will be synchronized with the meetings of the Board to the extent possible. Project/programme proposals shall be submitted at least nine weeks before each Board meeting in order to be considered by the Board at its next meeting.
 - (b) The Secretariat will screen all proposals for consistency and provide a technical review. It will then forward the proposals with the technical reviews to the Projects and Programmes Review Committee (PPRC) for review, based on the criteria

¹¹ The Designated Authority referred to in paragraph 21 above shall endorse the proposal submission.

¹² A fully developed project/programme is one that has been appraised for technical and implementation feasibility and is ready for financial closure prior to implementation.

- approved by the Board (Annex 3). The secretariat will forward comments on the project/programme proposals and requests for clarification or further information to the implementing entities, as appropriate. The inputs received and the conclusions of the technical review by the secretariat will be incorporated to the review template.
- (c) The Secretariat will send all project/programme proposals received with technical reviews to the PPRC at least seven (7) days prior to the meeting. The PPRC will review the proposals and give its recommendation to the Board for a decision at the Meeting. The PPRC may use services of independent adaptation experts to provide input into the review process if needed. The Board can approve, not approve or reject a proposal with a clear explanation to the implementing entities. Rejected proposals cannot be resubmitted.
 - (d) The proposals approved by the Board will be posted on the Adaptation Fund website. Upon the decision, the Secretariat in writing will notify the proponent of the Board decision.

Review and Approval of Regular Projects and Programmes

- 42. Regular adaptation projects/programmes are those that request funding exceeding \$1 million. These proposals may undergo either a one-step or a two-step¹³ approval process. In the one-step approval process the proponent shall submit a fully-developed project/programme document. In the two-step approval process a brief project/programme concept shall be submitted as first step followed by a fully-developed project/document¹⁴. Funding will only be reserved for a project/programme after the approval of a fully-developed project document in the second step.
- 43. The project/programme cycle steps for both concept and fully-developed project document are as follows:
 - (a) The project/programme proponent submits a concept/fully-developed project document based on a template approved by the Board (Annex 3, Appendix A). A disbursement schedule with time-bound milestones will be submitted together with the fully developed project/programme document. Proposals shall be submitted to the Board through the Secretariat. The timetable for the submission and review of proposals will be synchronized with the meetings of the Board as much as possible. Project/programme proposals shall be submitted at least nine weeks before each Board meeting in order to be considered by the Board at its next meeting.
 - (b) The Secretariat will screen all proposals for consistency and provide a technical review based on the criteria approved by the Board (Annex 3). It will then forward the proposals and the technical reviews to the PPRC for review. The Secretariat will forward comments on the project/programme proposals and requests for clarification or further information to the implementing entities, as appropriate. The inputs received and the conclusions of the technical review by the secretariat will be incorporated in the review template.

¹³A two-step process, while time consuming minimizes the risk that a proponent does not invest time and energy in fully developing a project or program document that fails to meet the criteria of the Fund.

¹⁴ A fully developed project/programme is one that has been appraised for technical and implementation feasibility and is ready for financial closure prior to implementation.

- (c) The Secretariat will send all project/programme proposals with technical reviews to the PPRC at least seven (7) days before the meeting. The PPRC will review the proposals and give its recommendation to the Board for a decision at the meeting. The PPRC may use services of independent adaptation experts to provide input into the review process if needed. In the case of concepts, the Board can endorse, not endorse, or reject a proposal with a clear explanation to the implementing entities. In the case of fully-developed proposals, the Board can approve, not approve, or reject a proposal with a clear explanation to the implementing entities. Rejected proposals cannot be resubmitted.
44. Proponents with endorsed concepts are expected to submit a fully developed proposal at subsequent Board meetings for approval and funding, following the steps described on paragraph 43 above.
45. All proposals approved for funding by the Board will be posted on the Adaptation Fund website. Upon the decision, the Secretariat will notify the proponent of the Board decision in writing.

Project/Programme Formulation Grants

46. NIE project/programme proponents are eligible to submit a request for a Project/Programme Formulation Grant (PFG) together with a project/programme concept, using the PFG form approved by the Board. The secretariat will review the request and forward it to the PPRC for a final recommendation to the Board. A PFG can only be awarded when a project/programme concept is presented and endorsed.
47. Only activities related to country costs are eligible for funding through a PFG.
48. The project/programme proponent shall return any unused funds to the Trust Fund through the trustee.
49. The project/programme proponent shall submit a fully developed project/programme document within twelve (12) months of the disbursement of the PFG. No PFG for other projects/programmes can be awarded until the fully developed project/programme document has been submitted.

Transfer of funds

50. The Secretariat will draft a standard legal agreement between the Board and implementing entities using the template approved by the Board, and any other documents deemed necessary. The secretariat will provide these documents for signature by the Chair or any other Member designated to sign. The Board may, at its discretion, review any of the proposed agreements.
51. The Trustee will transfer funds on the written instruction of the Board, signed by the Chair, or any other Board Member designated by the Chair, and report to the Board on the transfer of funds.
52. The Board will ensure a separation of functions between the review and verification of transfer requests, and the issuance of instructions to the Trustee to transfer funds.

53. The Board will instruct the Trustee to transfer funds in tranches, based on the disbursement schedule with time bound milestones submitted with the fully developed project/programme document. The Board may require a progress review from the Implementing Entity prior to each tranche transfer. The Board may also suspend the transfer of funds if there is evidence that funds have been misappropriated.
54. If an implementing entity does not sign the standard legal agreement within four (4) months from the date of notification of the approval of the project/programme proposal, the funds committed for that project/programme will be cancelled and retained in the Trust Fund for new commitments.

Monitoring, Evaluation and Review

55. The Board is responsible for strategic oversight of projects and programmes implemented with resources from the Fund, in accordance with its overarching strategic results framework, a *Strategic Results Framework for the Adaptation Fund* and the *Adaptation Fund Level Effectiveness and Efficiency Results Framework* [Available: <http://www.adaptation-fund.org/document/results-framework-and-baseline-guidance-project-level>], to support the *Strategic Priorities, Policies, and Guidelines of the Adaptation Fund*. The Ethics and Finance Committee (EFC), with support of the Secretariat, will monitor the Fund portfolio of projects and programmes.
56. The Board will oversee results at the fund-level. Implementing entities shall ensure that capacity exists to measure and monitor results of the executing entities at the country-level. The Board requires that projects and programmes under implementation submit annual status reports to the EFC. The EFC with the support of the Secretariat shall provide an annual report to the Board on the overall status of the portfolio and progress towards results.
57. All regular projects and programmes that complete implementation will be subject to terminal evaluation by an independent evaluator selected by the implementing entity. All small projects and programmes shall be subject to terminal evaluation if deemed appropriate by the Board. Terminal evaluation reports will be submitted to the Board after a reasonable time after project termination, as stipulated in the project agreement.
58. The Board requires that all projects' and programmes' objectives and indicators align with the Fund's Strategic Results Framework. Each project/programme will embed relevant indicators from the strategic framework into its own results framework. Not all indicators will be applicable to all projects/programmes but at least one of the core outcome indicators should be embedded.
59. The Board reserves the right to carry out independent reviews, evaluations or investigations of the projects and programmes as and when deemed necessary. The costs for such activities will be covered by the Fund. Lessons from evaluations will be considered by the PPRC when reviewing project/programme proposals.
60. The Board has approved *Guidelines for project/programme final evaluations*. [Available: <http://www.adaptation-fund.org/document/guidelines-projectprogramme-final-evaluations>]. These guidelines describe how final evaluations should be conducted for all projects/programmes funded by the Adaptation Fund, as a minimum, to ensure

sufficient accountability and learning in the Fund. They should be complementary to the implementing entities' own guidelines on final evaluation.

61. This project cycle will be kept under review by the Board.

Procurement

62. Procurements by the implementing entities or any of their attached organizations shall be performed in accordance with internationally accepted procurement principles, good procurement practices and the procurement regulations as applicable to a given Party. Implementing entities shall observe the highest ethical standards during the procurement and execution of the concrete adaptation projects/programmes.
63. The project/programme proposal submitted to the Board shall contain adequate and effective means to punish and prevent malpractices. The implementing entities should promptly inform the Board of any instances of such malpractices. The Board reserves the right to investigate any anomalies that may occur with respect to procurement.

Project/Programme Suspensions and Cancellations

64. At any stage of the project/programme cycle, either at its discretion or following an independent review-evaluation or investigation, the EFC may recommend to the Board to suspend or cancel a project/programme for several reasons, notably:
- (a) financial irregularities in the implementation of the project/programme; and/or
 - (b) material breach, and poor implementation performance leading to a conclusion that the project/programme can no longer meet its objectives.
65. Before the Board makes its final decision whether to suspend or cancel a project/programme, the concerned implementing entity and the DA will be given a fair chance to present its views to the Board.
66. In accordance with their respective obligations, implementing entities suspending or cancelling projects/programmes, after consulting with the DA, must send detailed justification to the Board for the Board's information.
67. The Secretariat will report to the Board on an annual basis on all approved projects and programmes that were suspended or cancelled during the preceding year.

Reservations

68. The Board reserves the right to reclaim all or parts of the financial resources allocated for the implementation of a project/programme, or cancel projects/programmes later found not to be satisfactorily accounted for. The implementing entity and the DA shall be given a fair chance to consult and present its point of view before the Board.

Dispute Settlement

69. In case of a dispute as to the interpretation, application or implementation of the project/programme, the implementing entity or the DA shall first approach the EFC

through the Secretariat with a written request seeking clarification. In case the issue is not resolved to the satisfaction of the implementing entity, the case may be put before the Board at its next meeting, to which a representative of the implementing entity or the DA could also be invited.

70. The provisions of the standard legal agreement between the Board and implementing entity/DA on settlement of disputes shall apply to any disputes that may arise with regard to approved projects/programmes under implementation.

Administrative costs

71. Every project/programme proposal submitted to the Board shall state the management fee requested by the Implementing Entity if any. Fully developed proposals shall include a budget on fee use. The reasonability of the fee will be reviewed on a case by case basis. The requested fee shall not exceed the cap established by the Board.
72. Fully developed project/programme proposals shall include an explanation and a breakdown of all administrative costs associated with the project/programme, including the execution costs.

Where to send a Request for Funding

73. All requests shall be sent to:

Adaptation Fund Board Secretariat
Tel: +1 202 473 0508
Fax: +1 202 522 3240/5
Email: secretariat@adaptation-fund.org

74. Acknowledgment of the receipt shall be sent to the proposing implementing entities within a week of the receipt of the request for support. All project proposals submitted will be posted on the website of the Adaptation Fund Board. The Secretariat will provide facilities that will enable interested stakeholders to publicly submit comments about proposals.

Review of the Operational Policies and Guidelines

75. The Board shall keep these operational policies and guidelines under review and will amend them as deemed necessary.

ANNEX 1: STRATEGIC PRIORITIES, POLICIES, AND GUIDELINES OF THE ADAPTATION FUND ADOPTED BY THE CMP

I. Background

1. The Conference of the Parties decided by its decision 10/CP.7 to establish an adaptation fund (the Adaptation Fund) to finance concrete adaptation projects and programmes in developing country Parties that are Parties to the Kyoto Protocol, as well as activities identified in decision 5/CP.7, paragraph 8. The decision was further endorsed by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) through its decision 28/CMP.1.
2. In decision 5/CMP.2, Parties agreed on guiding principles and modalities. Parties further agreed in decision 1/CMP.3 that the Adaptation Fund Board shall be established as the operating entity of the Adaptation Fund.
3. This document sets out the strategic priorities, policies and guidelines for the Adaptation Fund, developed by the Adaptation Fund Board as requested by Parties in decision 1/CMP.3, paragraph 5 (a).
4. The strategic priorities, policies and guidelines set out in this document form the basis upon which the operational policies and guidelines shall be developed to enable eligible Parties to access resources from the Adaptation Fund.

II. Strategic priorities

5. In accordance with decision 1/CMP.3, paragraphs 1 and 2, the Adaptation Fund shall:
 - (a) Assist developing country Parties to the Kyoto Protocol that are particularly vulnerable to the adverse effects of climate change in meeting the costs of adaptation;
 - (b) Finance concrete adaptation projects and programmes that are country driven and are based on the needs, views and priorities of eligible Parties.
6. In accordance with decision 5/CMP.2, paragraph 2 (c), projects and programmes funded under the Adaptation Fund should also take into account, inter alia, national sustainable development strategies, poverty reduction strategies, national communications and national adaptation programmes of action and other relevant instruments, where they exist.
7. In developing projects and programmes to be funded under the Adaptation Fund, eligible Parties should consider the guidance provided in decision 5/CP.7, paragraph 8, and, where necessary, further information included in reports from the Intergovernmental Panel on Climate Change and information generated under the Nairobi work programme on impacts, vulnerability and adaptation to climate change.
8. In developing projects and programmes, special attention shall be given by eligible Parties to the particular needs of the most vulnerable communities.

III. Strategic policies and guidelines

9. The operational principles and modalities that shall guide the provision of assistance by the Adaptation Fund to eligible Parties shall be consistent with decision 5/CMP.2, paragraphs 1 and 2.
10. Eligible Parties to receive funding from the Adaptation Fund are understood as developing country Parties to the Kyoto Protocol that are particularly vulnerable to the adverse effects of climate change including low-lying and other small island countries, countries with low-lying coastal, arid and semi-arid areas or areas liable to floods, drought and desertification, and developing countries with fragile mountainous ecosystems.
11. Eligible Parties can submit project proposals directly to the Adaptation Fund Board and implementing or executing entities chosen by governments that are able to implement the projects funded under the Adaptation Fund can approach the Adaptation Fund Board directly.
12. Funding for projects and programmes will be on a full adaptation cost basis to address the adverse effects of climate change.
13. Funding for projects and programmes will be available for projects and programmes at national, regional and community levels.
14. Short and efficient project development and approval cycles and expedited processing of eligible activities shall be developed.
15. In assessing project and programme proposals, the Adaptation Fund Board shall give particular attention to:
 - (a) Consistency with national sustainable development strategies, including, where appropriate, national development plans, poverty reduction strategies, national communications and national adaptation programmes of action and other relevant instruments, where they exist;
 - (b) Economic, social and environmental benefits from the projects;
 - (c) Meeting national technical standards, where applicable;
 - (d) Cost-effectiveness of projects and programmes;
 - (e) Arrangements for management, including for financial and risk management;
 - (f) Arrangements for monitoring and evaluation and impact assessment;
 - (g) Avoiding duplication with other funding sources for adaptation for the same project activity;
 - (h) Moving towards a programmatic approach, where appropriate.

16. The decision on the allocation of resources of the Adaptation Fund among eligible Parties shall take into account:

- (a) Level of vulnerability;
- (b) Level of urgency and risks arising from delay;
- (c) Ensuring access to the fund in a balanced and equitable manner;
- (d) Lessons learned in project and programme design and implementation to be captured;
- (e) Securing regional co-benefits to the extent possible, where applicable;
- (f) Maximizing multi-sectoral or cross-sectoral benefits;
- (g) Adaptive capacity to the adverse effects of climate change.

17. The Adaptation Fund Board may wish to review elements of this strategic priority based on lessons learned.

ANNEX 2: FIDUCIARY RISK MANAGEMENT STANDARDS TO BE MET BY IMPLEMENTING ENTITIES

Competencies and Specific Capabilities

Required competency	Specific capability required	Illustrative means of verification
I. Financial Management and Integrity	Accurately and regularly record transactions and balances in a manner that adheres to broadly accepted good practices, and are audited periodically by an independent firm or organization	<ul style="list-style-type: none"> • Production of reliable financial statements prepared in accordance with internationally recognized accounting standards. • Annual external audited accounts that are consistent with recognized international auditing standards. • Production of detailed departmental accounts • Use of accounting packages that are recognised and familiar to accounting procedure in developing countries • Demonstrate capability for functionally independent internal auditing in accordance with internationally recognized standards.¹
	Managing and disbursing funds efficiently and with safeguards to recipients on a timely basis;	<ul style="list-style-type: none"> • A control framework that is documented with clearly defined roles for management, internal auditors, the governing body, and other personnel. • Financial projections demonstrating financial solvency • Demonstration of proven payment / disbursement systems

¹ Such as International Standards on Auditing (ISA)

	Produce forward-looking financial plans and budgets	<ul style="list-style-type: none"> • Evidence of preparation of corporate , project or departmental / ministry budgets • Demonstration of ability to spend against budgets
	Legal status to contract with the Adaptation Fund and third parties	<ul style="list-style-type: none"> • Demonstration of necessary legal personality in case it is not government department/institution. • Demonstrated legal capacity/authority and the ability to directly receive funds
II. Requisite Institutional Capacity	Procurement procedures which provide for transparent practices, including competition	<ul style="list-style-type: none"> • Evidence of procurement policies and procedures at national levels consistent with recognized international practice (including dispute resolution procedures)
	Capacity to undertake monitoring and evaluation	<ul style="list-style-type: none"> • Demonstration of existing capacities for monitoring and independent evaluation consistent with the requirements of the Adaptation Fund. • Evidence that a process or system, such as project-at-risk system, is in place to flag when a project has developed problems that may interfere with the achievement of its objectives, and to respond accordingly to redress the problems.
	Ability to identify, develop and appraise project	<ul style="list-style-type: none"> • Availability of/ Access to resources and track records of conducting appraisal activities • Evidence of institutional system for balanced review of projects, particularly for quality-at-entry during design phase. • Risk assessment procedures are in place.

	<p>Competency to manage or oversee the execution of the project/programme including ability to manage sub-recipients and to support project /programme delivery and implementation</p>	<ul style="list-style-type: none"> • Understanding of and capacity to oversee the technical, financial, economic, social, environmental and legal aspects of the project and their implications • Demonstrated competence to execute or oversee execution of projects / programmes of the same nature as intended project or programme
<p>III. Transparency, self - investigative powers, and anti-corruption measures</p>	<p>Competence to deal with financial mis-management and other forms of malpractice</p>	<ul style="list-style-type: none"> • Demonstration of capacity and procedures to deal with financial mismanagement and other forms of malpractice. • Evidence of an objective investigation function for allegations of fraud and corruption.

ANNEX 3: TEMPLATES APPROVED BY THE ADAPTATION FUND BOARD
Approval and operations procedures

1. **Adaptation Fund project/programme approval process:** Eligible developing country Parties to the Kyoto Protocol may submit project/programme proposals directly to the Adaptation Fund Board Secretariat (AFBSEC) via their National Implementing Entities (NIEs) or via Multilateral Implementing Entities (MIEs). NIEs/MIEs have to be accredited by the Adaptation Fund Board (AFB) to be eligible as an implementing entity for the purpose of submitting projects to the Adaptation Fund. They should also meet the fiduciary standards and other qualifications provided by the Board. There are two approval processes under the Adaptation Fund project¹ cycle: (i) a one-step approval process; and (ii) a two-step approval process. All small-size projects/programmes will follow the one-step approval process, while regular projects/programmes may follow either the one-step approval or the two-step approval process, depending on the stage of project/programme preparation, and at the discretion of the project/programme proponent. The following section outlines the steps of the approval processes.

2. **Single-step approval process:** This process may be used for small-size projects/programmes or regular projects/programmes with proposals that are already fully-prepared. Approval process includes the following steps:

- (a) Eligible Parties submit a fully-prepared project/programmes document to the AFBSEC at least nine weeks before the next AFB meeting.
- (b) The AFBSEC will screen all proposals and prepare a [Technical Review](#) for each project/programme. The AFBSEC will submit a collection of proposals consisting of technical reviews for all projects/programmes to the Project and Program Review Committee (PPRC) at least seven (7) days prior to the next AFB meeting.
- (c) The PPRC meeting will be held back-to-back to the Adaptation Fund Board (AFB) meeting. The PPRC will review and prepare recommendations for submission to the Board the next day(s).
- (d) AFB approves/does not approve/rejects the recommendations during the meeting.
- (e) All approved projects will be posted on the AF website following the conclusion of its meeting.

3. **Two-step approval process:** The two-step approval process may be used for regular projects;/programmes if it is so decided by the proponent Party: (i) project concept approval; and (ii) fully developed project document approval. Each of these steps is subject to the same approval process as the single approval process, i.e., the project/programme is subjected to the single approval process twice. The rationale for choosing such a process is for a country to

¹ In what follows the term project will refer to both programmes and projects unless otherwise stated.

receive feedback or guidance from the AFB upstream before a project has been fully prepared. The following two documentations are required to be submitted at each step following the same procedures as the single approval process:

- (f) 1st step: Regular Project/Programme Concept.
- (g) 2nd step: Regular Fully Developed Project/Programme Document.

4. **Documentation required in the submission:**

- (a) *Project/Programme Concept*: used for the first step of the two-step approval process (only for regular projects that have not been fully developed);
- (b) *Fully Developed Project/Programme Document* prepared by NIEs/MIEs for both small-sized and regular projects;
- (c) Endorsement Letter signed by the country's Designated Authority for Adaptation Fund.²

5. **Categories of projects under the Adaptation Fund:**

- (a) Small-Sized projects and programmes (SPs): defined as project proposals requesting up to \$1.0 million.
- (b) Regular-Sized projects and programmes (RPs): project proposals requesting more than \$1.0 million

6. **Definitions of Terms:**

- (a) Project: A concrete adaptation project is defined as a set of activities aimed at addressing the adverse effects of climate change and build in climate change resilience.
- (b) Programme: An adaptation programme is a process, a plan or an approach for addressing climate change impacts which are broader than the scope of an individual project. Further guidance on how to present programmes for approval can be found in the 'Instructions for presenting a request for funding from the Adaptation Fund'.

7. **Financing and Transfer of funds:** The financing of projects/programmes via transfer of funds is a process that commences once projects/programmes are approved for funding by the AFB.

- (a) Financing: funding for projects and programs will be on a full adaptation cost basis to address the adverse effects of climate change.³

² The Designated Authority referred to in paragraph 20 of the "Operational policies and guidelines for Parties to access resources from the Adaptation Fund" (OPG).

³ Para. 14 of the "OPG", and para. 12 of the "Strategic Priorities, Policies, and Guidelines of the Adaptation Fund."

- (b) Transfer of funds: The Trustee will transfer funds on the written instruction of the Board, signed by the Chair, the Vice-Chair, or any other Board Member designated by the Chair, and report to the Board on the transfer of funds.

Adaptation Fund Project/Programme Review Criteria

1. The following review criteria for adaptation fund projects/programmes are applicable to both the small-size projects/programmes and regular projects/programmes under the single-approval process. For regular projects/programmes using the two-step approval process, only the first four criteria will be applied when reviewing the 1st step for regular project/programme concept. In addition, the information provided in the 1st step approval process with respect to the review criteria for the regular project/programme concept could be less detailed than the information in the request for approval template submitted at the 2nd step approval process. Furthermore, detailed information is required for regular projects/programmes for the 2nd step approval, in the approval template.

Review Criteria	
1. Country Eligibility	<ul style="list-style-type: none"> • Is the country party to the Kyoto Protocol? • Is the country a developing country particularly vulnerable to the adverse effects of climate change?¹
2. Project Eligibility	<ul style="list-style-type: none"> • Has the government endorsed the project through its Designated Authority?² • 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? • Does the project / programme provide economic, social and environmental benefits, with particular reference to the most vulnerable communities, including gender considerations? • Is the project / programme cost-effective? • Is the project / programme consistent with national sustainable development strategies, national development plans, poverty reduction strategies, national communications or adaptation programs of action, or other relevant instruments? • Does the project / programme meet the relevant national technical standards, where applicable? • Is there duplication of project with other funding sources? • Does the project / programme have a learning and knowledge management component to capture and feedback lessons? • Has the project / programme provided justification for the funding requested on the basis of the full cost of adaptation? • Does the project / programme align with the AF results framework?

¹ Further reference to the eligibility of country can be found in the document: “*Strategic Priorities, Policies, and Guidelines of the Adaptation Fund*”

² The Designated Authority referred to in paragraph 20 of the OPG.

	<ul style="list-style-type: none"> • Has the sustainability of the project/programme outcomes been taken into account when designing the project?
3. Resource Availability	<ul style="list-style-type: none"> • Is the requested project funding within the cap of the country? • Is the Implementing Entity management fee at or below 8.5 per cent of the total project/programme budget before the fee? • Are the project/programme execution costs at or below 9.5 per cent of the total project/programme budget before the fee?
4. Eligibility of NIE/MIE	<ul style="list-style-type: none"> • Is the project submitted through an eligible NIE/MIE that has been accredited by the Board?
5. Implementation Arrangement	<ul style="list-style-type: none"> • Is there adequate arrangement for project management? • Are there measures for financial and project risk management? • Are arrangements for monitoring and evaluation clearly defined, including a budgeted M&E plan? • Is a project results framework included? Are relevant targets and indicators disaggregated by sex?

Attached with this note are the following:

Appendix A: Request for Project/Programme Funding from Adaptation Fund

Appendix B: Government Endorsement Letter Template (submitted through NIEs/MIEs)

Appendix C: Adaptation Fund Secretariat Technical Review for Adaptation Fund Projects



ADAPTATION FUND

REQUEST FOR PROJECT/PROGRAMME FUNDING FROM ADAPTATION FUND

The annexed form should be completed and transmitted to the Adaptation Fund Board Secretariat by email or fax.

Please type in the responses using the template provided. The instructions attached to the form provide guidance to filling out the template.

Please note that a project/programme must be fully prepared (i.e., fully appraised for feasibility) when the request is submitted. The final project/programme document resulting from the appraisal process should be attached to this request for funding.

Complete documentation should be sent to

The Adaptation Fund Board Secretariat
Email: secretariat@adaptation-fund.org



PROJECT/PROGRAMME PROPOSAL

PART I: PROJECT/PROGRAMME INFORMATION

PROJECT/PROGRAMME CATEGORY:

COUNTRY/IES:

SECTOR/S:

TITLE OF PROJECT/PROGRAMME:

TYPE OF IMPLEMENTING ENTITY:

IMPLEMENTING ENTITY:

EXECUTING ENTITY/IES:

AMOUNT OF FINANCING REQUESTED: (in U.S Dollars Equivalent)

PROJECT / PROGRAMME BACKGROUND AND CONTEXT:

Provide brief information on the problem the proposed project/programme is aiming to solve. Outline relevant climate change scenarios according to best available scientific information. Outline the economic social, development and environmental context in which the project/programme would operate.

PROJECT / PROGRAMME OBJECTIVES:

List the main objectives of the project/programme.

PROJECT / PROGRAMME COMPONENTS AND FINANCING:

Fill in the table presenting the relationships among project/programme components, activities, expected concrete outputs, and the corresponding budgets. If necessary, please refer to the attached instructions for a detailed description of each term.

For the case of a programme, individual components are likely to refer to specific subsets of stakeholders, regions and/or sectors that can be addressed through a set of well defined interventions / projects.

PROJECT/PROGRAMME COMPONENTS	EXPECTED CONCRETE OUTPUTS	EXPECTED OUTCOMES	AMOUNT (US\$)
1.			
2.			
3.			
4.			
5.			
6. Project/Programme Execution cost			
7. Total Project/Programme Cost			
8. Project/programme Cycle Management Fee charged by the Implementing Entity (if applicable)			
Amount of Financing Requested			

PROJECTED CALENDAR:

Indicate the dates of the following milestones for the proposed project/programme

MILESTONES	EXPECTED DATES
Start of Project/Programme Implementation	
Mid-term Review (if planned)	
Project/Programme Closing	
Terminal Evaluation	

PART II: PROJECT / PROGRAMME JUSTIFICATION

- A. Describe the project / programme components, particularly focusing on the concrete adaptation activities of the project, and how these activities contribute to climate resilience. For the case of a programme, show how the combination of individual projects will contribute to the overall increase in resilience.

- B. Describe how the project / programme provides economic, social and environmental benefits, with particular reference to the most vulnerable communities, and groups within communities, including gender considerations.

- C. Describe or provide an analysis of the cost-effectiveness of the proposed project / programme.

- D. Describe how the project / programme is consistent with national or sub-national sustainable development strategies, including, where appropriate, national or sub-national development plans, poverty reduction strategies, sector strategies, national communications, or national adaptation programs of action, or other relevant instruments, where they exist.

- E. Describe how the project / programme meets relevant national technical standards, where applicable, such as standards for environmental assessment, building codes, etc.

- F. Describe if there is duplication of project / programme with other funding sources, if any.

- G. If applicable, describe the learning and knowledge management component to capture and disseminate lessons learned.

- H. Describe the consultative process, including the list of stakeholders consulted, undertaken during project preparation, with particular reference to vulnerable groups, including gender considerations.

- I. Provide justification for funding requested, focusing on the full cost of adaptation reasoning.

- J. Describe how the sustainability of the project/programme outcomes has been taken into account when designing the project.

PART III: IMPLEMENTATION ARRANGEMENTS

- A. Describe the arrangements for project / programme implementation.

- B. Describe the measures for financial and project / programme risk management.

- C. Describe the monitoring and evaluation arrangements and provide a budgeted M&E plan. Include break-down of how Implementing Entity’s fees will be utilized in the supervision of the monitoring and evaluation function.
- D. Include a results framework for the project proposal, including milestones, targets and indicators and sex-disaggregate targets and indicators, as appropriate. The project or programme results framework should align with the goal and impact of the Adaptation Fund and should include at least one of the core outcome indicators from the AF’s results framework that are applicable¹.
- E. Include a detailed budget with budget notes, a budget on the Implementing Entity management fee use, and an explanation and a breakdown of the execution costs.
- F. Include a disbursement schedule with time-bound milestones.

■ PART IV: ENDORSEMENT BY GOVERNMENT AND CERTIFICATION BY THE IMPLEMENTING ENTITY

A. RECORD OF ENDORSEMENT ON BEHALF OF THE GOVERNMENT² *Provide the name and position of the government official and indicate date of endorsement. If this is a regional project/programme, list the endorsing officials all the participating countries. The endorsement letter(s) should be attached as an annex to the project/programme proposal. Please attach the endorsement letter(s) with this template; add as many participating governments if a regional project/programme:*

<i>(Enter Name, Position, Ministry)</i>	<i>Date: (Month, day, year)</i>
---	---------------------------------

B. IMPLEMENTING ENTITY CERTIFICATION *Provide the name and signature of the Implementing Entity Coordinator and the date of signature. Provide also*

¹ Please refer to the *Project level results framework and baseline guidance* for the Adaptation Fund’s results framework and guidance on developing a results framework and establishing a baseline [add link here].

² Each Party shall designate and communicate to the Secretariat the authority that will endorse on behalf of the national government the projects and programmes proposed by the implementing entities.

the project/programme contact person's name, telephone number and email address

I certify that this proposal has been prepared in accordance with guidelines provided by the Adaptation Fund Board, and prevailing National Development and Adaptation Plans (.....list here.....) and subject to the approval by the Adaptation Fund Board, understands that the Implementing Entity will be fully (legally and financially) responsible for the implementation of this project/programme.	
<i>Name & Signature</i> Implementing Entity Coordinator	
Date: <i>(Month, Day, Year)</i>	Tel. and email:
Project Contact Person:	
Tel. And Email:	

INSTRUCTIONS FOR PREPARING A REQUEST FOR PROJECT OR PROGRAMME FUNDING FROM THE ADAPTATION FUND

Project and programme proposals must be clear on the adaptation challenge to be addressed, the objective(s), what the project/programme will deliver when, how and by whom. Clear baselines, milestones, targets and indicators should be included to ensure progress and results can be measured¹. Programmes will generally be more complex and will require greater oversight and management which should be properly explained under Implementation Arrangements for programmes.

DATE OF RECEIPT. Please leave this space on the top right of the page blank. The Adaptation Fund Board Secretariat will fill in the date on which the proposal is received at the Secretariat.

ADAPTATION FUND PROJECT ID. Please leave this space on the top right of the page blank. The Adaptation Fund Board Secretariat will assign a number to your project/programme internally.

PART I: PROJECT / PROGRAMME INFORMATION

CATEGORY: Please specify which type of project you are proposing. The two options are:

A) SMALL-SIZED PROJECT/PROGRAMME. Proposals requesting grants up to \$1 million.

B) REGULAR PROJECT/PROGRAMME. Proposals requesting grants of more than \$1 million.

A programme will generally fulfil the following criteria: A series of projects which could include small-size projects or regular projects aimed at achieving an outcome that is otherwise not achievable by a single project. Projects under a programme would have synergies in their objectives and implementation. A programme may also cover more than one sector and geographic location. Programmes usually engage multiple partners / stakeholders and are able to achieve a greater degree of cost-efficiency through coordination and feedback of the programme's components.

COUNTRY/IES: Please insert the name of the country requesting the grant.

¹ For detailed guidance on project indicators, targets and baselines, please consult the "[AF Results Framework and Baseline Guidance – Project level](#)" document

TITLE OF PROJECT / PROGRAMME: Please enter the title of the proposed project / programme.

TYPE OF REQUESTING ENTITY: Please specify which type of Implementing Entity the project/programme will be managed by. The three options are:

- A) NATIONAL IMPLEMENTING ENTITY**
- B) MULTILATERAL IMPLEMENTING ENTITY**
- C) REGIONAL IMPLEMENTING ENTITY**

NAME OF IMPLEMENTING ENTITY: Please specify the name of the Implementing Entity

EXECUTING ENTITY(IES). Please specify the name of the organisation(s) that will execute the project/programme funded by the Adaptation Fund under the oversight of the Implementing Entity.

AMOUNT OF FINANCING REQUESTED. Please fill the grant amount (in US Dollars equivalent) requested from the Adaptation Fund for this proposal.

PROJECT / PROGRAMME BACKGROUND AND CONTEXT. Provide brief information on the problem the proposed project/programme is aiming to solve. Outline relevant climate change scenarios according to best available scientific information. Outline the economic social, development and environmental context in which the project/programme would operate.

PROJECT / PROGRAMME OBJECTIVES. List the main objectives of the project/programme. The objectives have to be aligned with the Adaptation Fund Results Framework and, in the case of fully-developed project/programme documents, specify this alignment at outcome level. For the case of a programme, this is likely to involve multiple objectives by stakeholder / sector / region, based on an overall strategic plan at the regional, national or local level.

PROJECT / PROGRAMMES COMPONENTS AND FINANCING. Please fill out the table presenting the project components, activities, expected concrete outputs, and their corresponding budgets to accomplish them. For fully-developed project/programme documents, the budget is required at the output level. Please also indicate the budget for execution costs and project cycle management fee. For the case of a programme, individual components are likely to refer to specific sub-sets of stakeholders, regions, and/or sectors that can be addressed through a set of well defined interventions / projects.

The aforementioned terms are defined below to facilitate the process of completing the table:

PROJECT / PROGRAMME COMPONENTS. The division of the project/programme into its major parts; an aggregation of set of activities.

ACTIVITIES. Actions taken or work performed through which inputs, such as funds, technical assistance and other types of resources are mobilized to produce specific outputs. For the case of programmes, list the types and number of projects that the programme will support.

MILESTONES / TARGETS. Milestones help with regular monitoring of progress towards the target. Targets indicate the desired result at the end of the project.²

INDICATORS – What is going to be measured to assess if targets are met?³

EXPECTED CONCRETE OUTPUTS. The product, capital goods and services which result from a development intervention relevant to the achievement of outcomes.

EXPECTED OUTCOMES. The change in conditions, or intended effects of an intervention, usually brought about by the collective efforts of partners. Outcomes are achieved in the short to medium term.

AMOUNT (\$). Indicate grant amounts in US dollars by project/programme components.

PROJECT / PROGRAMME EXECUTION COST⁴. The main items supported by the Adaptation Fund for project management including consultant services, travel and office facilities, etc.

TOTAL PROJECT / PROGRAMME COST. This is the sum of all project/programme components requesting Adaptation Fund Board approval.

IMPLEMENTING ENTITY PROJECT CYCLE MANAGEMENT FEE⁵. This is the fee that is requested by an Implementing Entity for project cycle management services.

AMOUNT OF FINANCING REQUESTED. This amount includes the total project cost plus the project cycle management fee.

² Please see document "[AF Results Framework and Baseline Guidance – Project level](#)"

³ Ibid

⁴ Please note that project/programme execution costs should not be more than 9.5% of the total budget requested, before the implementing entity fees.

⁵ The project cycle management fees should not be more than 8.5% of the total budget requested. For more information on these fees, see document "[Administrative and execution costs: Analysis of current rules and comparison of practices with other funds](#)"

PROJECTED CALENDAR. Please indicate the dates of the following milestones for the proposed project.

START OF PROJECT / PROGRAMME IMPLEMENTATION The date on which project becomes effective. For AF projects/programmes, the date of the inception workshop or similar is considered the start date of the project.

MID-TERM REVIEW. The date on which the Implementing Entity completes its mid-term review of the project/programme. Mid-Term Review is required for projects with duration of over three years.⁶

PROJECT / PROGRAMME CLOSING. Project/programme closing is set as six months after Project/Programme Completion. This is the date on which Implementing Entity completes disbursement from the grant and may cancel any undisbursed balance in the grant account.

FINAL EVALUATION. The date on which the Implementing Entity completes the final evaluation report, normally two months after project/programme completion but in any case, no later than nine months after project/programme completion.

PART II: PROJECT / PROGRAMME JUSTIFICATION

A. Describe the project / programme components, particularly focusing on the concrete adaptation activities of the project, and how these activities contribute to climate resilience. For the case of a programme, show how the combination of individual projects will contribute to the overall increase in resilience.

Describe how the activities will help with adaptation to climate change and improve climate resilience. For the case of a programme, show how the combination of individual projects will contribute to the overall increase in resilience. Decision 10/CP.7 establishing the Adaptation Fund stipulates that it shall finance concrete adaptation projects and programmes. In the [AF Operational Policies and Guidelines](#), a concrete adaptation project 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. Projects/programmes concern activities with a specific objective(s) and concrete outcome(s) and output(s) that are measurable, monitorable, and verifiable.”

⁶ Please see document “[AF Results Framework and Baseline Guidance – Project level](#)”

The project objective has to be aligned with the Adaptation Fund Results Framework. The project/programme activities should align with its overall goal and objectives hence ensuring the cohesion of the components among themselves. It should be distinguished from a “business-as-usual” development or environmental protection project by clearly demonstrating that the proposed adaptation measures are suited or adequate for the identified climate threats. The project/programme proposal should therefore explain the project rationale in relation to the climate scenario(s) outlined in the background and context section. Finally, the non-climatic barriers to achieving the project objective, whenever relevant, should be taken into account when designing the project/programme.

For a fully developed proposal, the activities will have to be detailed to a sufficient level and their appropriateness in responding to the threats posed by the likely climate scenarios should be outlined in detail in the background and context section and quantified in terms of magnitude and uncertainty. The description should include information on project location and scope, and should have clearly defined activities including technical specifications, where appropriate. For a fully developed proposal, the alignment with Adaptation Fund fund-level objectives has to be specified at the project/programme outcome level as described in the document “AF Results Framework and Baseline Guidance – Project level”.

B. Describe how the project / programme provides economic, social and environmental benefits, with particular reference to the most vulnerable communities, and vulnerable groups within communities, including gender considerations.

The proposal should include information on the expected beneficiaries of the project/programme, with particular reference to the equitable distribution of benefits to vulnerable communities, households, and individuals.

For a fully developed proposal, the estimated benefits will have to be quantified, whenever possible. In addition, if there is any concern of negative development or maladaptation in any of these areas, relevant evidence would need to be referenced, with specific studies if necessary. In that case, based on an Impact Assessment, the proposal should describe how it addresses possible threats, risks of maladaptation or imbalances caused in a wider region, or upstream/downstream to other communities and ecosystems.

C. Describe or provide an analysis of the cost-effectiveness of the proposed project / programme.

The proposal should provide a logical explanation of the selected scope and approach. The cost effectiveness should also be demonstrated from a sustainability point of view.

For a fully developed proposal, a clear description of alternative options to the proposed measures should be provided, to allow for a good assessment of the project/programme cost effectiveness. The proposal should compare to other possible interventions that could have taken place to help adapt and build resilience in the same sector, geographic region, and/or community. Quantitative estimates of cost-effectiveness are required only where feasible and useful.

D. Describe how the project / programme is consistent with national or sub-national sustainable development strategies, including, where appropriate, national or sub-national development plans, poverty reduction strategies, sector strategies, national communications, or national adaptation programs of action, or other relevant instruments, where they exist.

The relevant plans and strategies have to be identified. This includes as a minimum the most important adaptation-related plans and strategies and the most important relevant sectoral plans and strategies in the country.

For a fully developed proposal, the compliance of the project/programme with the relevant plans and strategies has to be explained in detail.

E. Describe how the project / programme meets relevant national technical standards, where applicable, such as standards for environmental assessment, building codes, etc.

The relevant national technical standards need to be identified, and compliance stated in a logical manner. These standards include Environmental Impact Assessments (EIAs), building codes, water quality regulations, and sector-specific regulations. Regarding EIAs, depending on the sector and the size of the project, the category of impact assessment or management strategy that the project is expected to trigger will have to be outlined.

For a fully developed proposal, compliance with relevant technical standards needs to be explained in detail, addressing environmental assessments, building codes, and land use or tenure regulations, as required by national legislation. If one specific activity of the project/programme requires compliance with technical standards, the legal source of the requirement, the steps taken to comply with it and the nature of the authorization/clearance granted for the project to be implemented will have to be explained. A proposal cannot be recommended for approval, if the project has yet to receive technical clearances, in accordance with national legislation, for core parts of the project design. If technical clearance is pending for a minor part of the project design (either for a part that is included from the start or for any part that is to be included during implementation through a participatory planning arrangement), it should be mentioned in the document and the project design must include clear procedures for a fallback option. Finally, in considering compliance with national technical standards, the time required to get clearance using national procedures may be as important a factor as compliance itself, as lengthy procedures may significantly hinder implementation of overly ambitious plans.

F. Describe if there is duplication of project / programme with other funding sources, if any.

All relevant potentially overlapping projects / programmes need to be identified, and lack of overlap / complementarity stated in a logical manner.

For a fully developed proposal, the linkages and synergies with all relevant potentially overlapping projects / programmes need to be clearly outlined, avoiding evasive wording,

including areas of overlap and complementarity, drawing lessons from the earlier initiatives during the project design, learning from their problems/mistakes, and establishing a framework for coordination during implementation.

G. If applicable, describe the learning and knowledge management component to capture and disseminate lessons learned.

Activities related to knowledge management (KM) and dissemination of lessons learned have to be included. They can be grouped in a single component or part of a larger component.

The Adaptation Fund has included knowledge management as part of its Results-Based Management Framework at the Fund level. Project/programme proponents must therefore systematically keep track of experiences gained from their project and analyze them periodically both to enrich the global, national and local knowledge on climate change adaptation and to accelerate understanding about what kinds of interventions work. Key factors of success of a project KM strategy include adaptive management and the development of learning objectives and indicators.

For a fully developed proposal, the KM and dissemination of lessons learned component has to be explained in detail. For additional guidance on the type of KM activities and indicators, please refer to Section 3 (p.27) of the [“AF Results Framework and Baseline Guidance – Project level”](#) document.

H. Describe the consultative process, including the list of stakeholders consulted, undertaken during project preparation, with particular reference to vulnerable groups, including gender considerations.

At the concept stage, an initial consultative process has to take place, with key stakeholders of the project/programme. Depending on the level of involvement of local communities or governments, private sector, CSOs or universities/research centres in the execution of the project/programme, those stakeholders may or may not be consulted at the concept stage. Where Project Formulation Grants (PFG) are accessed, these should also be used to facilitate a comprehensive stakeholder consultation process in the project preparation phase.

For a fully developed proposal, a comprehensive consultative process has to take place, and should involve all direct and indirect stakeholders of the project/programme, including vulnerable groups and taking into account gender considerations. The results of the consultative process must be reflected in the project design. Under extraordinary circumstances, the consultation of a specific stakeholder can be deferred to the implementation stage, if it enables a more effective consultation (e.g. if beneficiaries for specific activities have not been identified yet). However, if the project specifically targets the most vulnerable groups, they will have to be identified and consulted by the time of submission.

The implementation arrangement should include a framework allowing for stakeholders' views to be heard during project implementation. Whenever possible, a strategy and timetable for sharing information and consulting with each of the stakeholder groups during project implementation should be provided. Adequate facilitation measures (e.g. travel costs) should be

budgeted to minimise barriers for involvement of key stakeholders where these impede their participation.

The documentation of the consultative process should at least contain a) the list of stakeholders already consulted (principles of choice, role ascription, date of consultation), b) a description of the consultation techniques (tailored specifically per target group), c) the key consultation findings (in particular suggestions and concerns raised).

I. Provide justification for funding requested, focusing on the full cost of adaptation reasoning.

The Adaptation Fund does not require co-financing for the projects/programmes it funds. The principal and explicit aim of the project/programme should be to adapt and to increase resilience of a specific system or communities, to the adverse effects of climate change and variability. Therefore, the proposal should demonstrate that the project/programme activities are relevant in addressing its adaptation objectives and that, taken solely, without additional funding from other donors, they will help achieve these objectives. Although co-financing is not required, it is possible and often cost-effective to implement Adaptation Fund projects in parallel with projects funded from other sources. In such a situation, the Adaptation Fund project should be able to deliver its outcomes and outputs regardless of the success of the other project(s). It is possible to include activities which, taken out of context, could be considered “business-as-usual” development but these should be justified in the context of achieving the adaptation goals of the project.

For a fully developed proposal, the full cost of adaptation reasoning should be more detailed and demonstrated for each component of the project/programme. If necessary, a comparison of a baseline situation and a with-project scenario for each component of the project/programme can be undertaken (e.g. in the case of a proposal aiming at “climate-proofing” a specific sector).

J. Describe how the sustainability of the project/programme outcomes has been taken into account when designing the project / programme.

The adaptation benefits achieved with the help of the project/programme should be sustained after its end, and should enable replication and scaling up with other funds after its end. The proposal should explain the arrangements through which this would be achieved, taking into account sustainability and maintenance of any infrastructure or installations to be developed, policies and governance arrangements to be developed and implemented, knowledge to be generated, management and other capacity to be improved, etc. All key areas of sustainability should be addressed, including but not limited to economic, social, environmental, institutional, and financial.

PART III: IMPLEMENTATION ARRANGEMENTS⁷. Describe the various elements of project implementation as enumerated below:

A. Adequacy of project / programme management arrangements.

The implementation arrangements should include a clear description of the roles and responsibilities of the implementing entity as well as any executing entity or organizations/stakeholders that are involved in the project. If necessary, provide a full organization chart showing how they report to each other.

In the case of a programme, explain how the programme strategy will be managed and evaluated, and how individual projects have been identified, designed, appraised, approved, implemented and evaluated against programme's strategic objectives. The implementation arrangements should be cost-effective and efficient, and country-ownership should always be privileged.

B. Measures for financial and project / programme risk management.

The proposal should identify all major risks, consider their significance, and include a plan of monitoring and mitigating them. It should provide a table with detailed information on the different categories of risks (i.e. financial, environmental, institutional...), their level and how they will be managed.

C. Monitoring and evaluation arrangements including budgeted M&E plan.

The proposal should include a budgeted M&E plan, which should be in compliance with the AF M&E guidelines⁸.

D. Provide a results framework for the project proposal, including milestones, targets and indicators.

The proposal should include a results framework with realistic, quantified expected results. Whenever possible, the indicators and targets should be disaggregated by sex. More guidelines on preparing the project/programme results framework, including a list of standard AF

⁷ Note: This section is not required for a project/programme concept document

⁸ See section on reporting process requirements in the AFB/EFC.7/4.Rev.2 document "[Annual Performance Report](#)". See also the "[AF Evaluation Framework](#)", the "[AF Results Framework and Baseline Guidance – Project level](#)" and the "[Guidelines for Project and Programme Final Evaluation](#)" documents.

indicators, can be found in the [“AF Results Framework and Baseline Guidance – Project level”](#) document.

E. Include a detailed budget with budget notes, a budget on the Implementing Entity management fee use, and an explanation and a breakdown of the execution costs.

The proposal should include a detailed budget with budget notes indicating the break-down of costs at the activity level.

F. Include a disbursement schedule with time-bound milestones.

The proposal should include a disbursement schedule that includes time-bound milestones relative to project inception and the annual reporting requirement.

PART IV: ENDORSEMENT BY THE DESIGNATED GOVERNMENT AUTHORITY FOR ADAPTATION FUND AND CERTIFICATION BY THE IMPLEMENTING ENTITY

9. RECORD OF ENDORSEMENT BY DESIGNATED GOVERNMENT AUTHORITY.

Provide the name, position, and government office of the designated government authority and indicate date of endorsement. If this is a regional project/programme, list the designated government authorities of all participating countries endorsing the project. The endorsement letter(s) should be attached as an annex to the project/programme proposal.

10. IMPLEMENTING ENTITY CERTIFICATION.

Provide the name and signature of the Implementing Entity Coordinator and the date of signature. Provide also the project/programme contact person’s name, telephone number



ADAPTATION FUND

Letter of Endorsement by Government

[Government Letter Head]

[Date of Endorsement Letter]

To: The Adaptation Fund Board
c/o Adaptation Fund Board Secretariat
Email: Secretariat@Adaptation-Fund.org
Fax: 202 522 3240/5

Subject: Endorsement for [Title of Project]

In my capacity as designated authority for the Adaptation Fund in [country], I confirm that the above (select national or regional) project/programme proposal is in accordance with the government's (select national or regional) priorities in implementing adaptation activities to reduce adverse impacts of, and risks, posed by climate change in the (select country or region).

Accordingly, I am pleased to endorse the above project/programme proposal with support from the Adaptation Fund. If approved, the proposal will be coordinated and implemented [National or Multilateral Implementing Entity] and executed by [national or local executing entity].

Sincerely,

[Name of Designated Government Official]
[Position/Title in Government]



ADAPTATION FUND

ADAPTATION FUND BOARD SECRETARIAT TECHNICAL REVIEW OF PROJECT/PROGRAMME PROPOSAL

PROJECT/PROGRAMME CATEGORY: (select)

Country/Region:

Project/Programme Title:

AF Project ID:

NIE/MIE Project/Programme ID:

Regular Project/Programme Concept Approval Date (if applicable):

Requested Financing from Adaptation Fund (US Dollars):

Anticipated Submission of final RP document (if applicable):

AFB Secretariat Screening Manager:

NIE/MIE Contact Person:

Review Criteria	Questions	Comments
Country Eligibility	1. Is the country party to the Kyoto Protocol?	
	2. Is the country a developing country particularly vulnerable to the adverse effects of climate change?	
Project Eligibility	1. Has the designated authority for the Adaptation Fund endorsed the project/programme?	
	2. Does the project / programme 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 / programme provide economic, social and environmental benefits, particularly to vulnerable communities, including gender considerations?	
	4. Is the project / programme cost effective?	

	5. Is the project / programme consistent with national or sub-national sustainable development strategies, national or sub-national development plans, poverty reduction strategies, national communications and adaptation programs of action and other relevant instruments?	
	6. Does the project / programme meet the relevant national technical standards, where applicable?	
	7. Is there duplication of project / programme with other funding sources?	
	8. Does the project / programme have a learning and knowledge management component to capture and feedback lessons?	
	9. Has a consultative process taken place, and has it involved all key stakeholders, and vulnerable groups, including gender considerations?	
	10. Is the requested financing justified on the basis of full cost of adaptation reasoning?	
	11. Is the project / program aligned with AF's results framework?	
	12. Has the sustainability of the project/programme outcomes been taken into account when designing the project?	
Resource Availability	1. Is the requested project / programme funding within the cap of the country?	
	2. Is the Implementing Entity Management Fee at or below 8.5 per cent of the total project/programme budget before the fee?	
	3. Are the Project/Programme Execution Costs at or below 9.5 per cent of the total project/programme budget (including the fee)?	

Eligibility of NIE/MIE	4. Is the project/programme submitted through an eligible NIE/MIE that has been accredited by the Board?	
Implementation Arrangement	1. Is there adequate arrangement for project / programme management?	
	2. Are there measures for financial and project/programme risk management?	
	3. Is a budget on the Implementing Entity Management Fee use included?	
	4. Is an explanation and a breakdown of the execution costs included?	
	5. Is a detailed budget including budget notes included?	
	6. Are arrangements for monitoring and evaluation clearly defined, including budgeted M&E plans and sex-disaggregated data, targets and indicators?	
	7. Does the M&E Framework include a break-down of how implementing entity fees will be utilized in the supervision of the M&E function?	
	8. Does the project/programme's results framework align with the AF's results framework? Does it include at least one core outcome indicator from the Fund's results framework?	
	9. Is a disbursement schedule with time-bound milestones included?	
Technical Summary		
Date:		

Accreditation Application Form

Please fill out all of the background and contact information contained in Section I.

For Sections II-IV, provide a description of how the organization meets the specific required capabilities and attach supporting documentation. Examples of the types of supporting documentation that would provide evidence of meeting the Fund's fiduciary and management standards are included at the end of each of these sections.

Note: Application and supporting documentation must be submitted in English



SECTION I: Background/Contact

Nominated Entity (if NIE):
Invited Entity (if MIE):
Address:
Country:
Postal Code:
Telephone:
Fax:
Web Address:
Contact Person:
Telephone:
Email:



SECTION II: Financial Management and Integrity

■ Specific Capability Required

- a) Legal status to contract with Adaptation Fund Board)
- b) Accurately and regularly record transactions and balances in a manner that adheres to broadly accepted good practices, and are audited periodically by an independent firm or organization;
- c) Managing and disbursing funds efficiently and with safeguards to recipients on a timely basis;
- d) Produce forward-looking financial plans and budgets

	Required competency	Specific capability required	Supporting documentation that should be provided
	Legal Status	Demonstration of necessary legal personality	Documentation of legal status and mandate (please highlight the relevant paragraphs)
		Demonstration of legal capacity/authority and the ability to directly receive funds	<ul style="list-style-type: none"> i) Same documentation or separate supporting documentation ii) List of foreign loan/donor funds handled over the last 2 years
	Financial statements including Project Accounts statement and the provisions for Internal and External Audits	Production of reliable financial statements that are prepared in accordance with internationally recognized accounting standards	Audited Financial Statements
		Production of annual externally audited accounts that are consistent with recognized international auditing standards	<ul style="list-style-type: none"> i) External Auditor Reports ii) Audit Committee's Terms of Reference and
		Demonstration of use of accounting packages that are recognised and familiar to accounting procedures in developing countries	Name and brief description of accounting package used

		Demonstration of capability for functionally independent internal auditing in accordance with internationally recognized standards	<ul style="list-style-type: none"> i) Policy/charter and other published documents (like manuals) that outline the entity's internal auditing function ii) Copies of audit plans for last 2 years and the current year iii) List of internal audit reports of last 2 years and sample reports
	Internal Control Framework with particular reference to control over disbursements and payments	Demonstration of use of a control framework that is documented with clearly defined roles for management, internal auditors, the governing body, and other personnel	Policy or other published document that outlines the entity's control framework
		Demonstration of proven payment/disbursement systems	Procedures describing the payment/ disbursement system with particular reference to project payments/ disbursements
	Preparation of Business Plans and Budgets and ability to monitor expenditure in line with budgets	Production of long term business plans/ financial projections demonstrating financial solvency	Long Term Business plans or Financial Projections for the next 3 to 5 years
		Evidence of preparation of corporate, departmental/ ministry budgets and demonstration of ability to spend against budgets	<ul style="list-style-type: none"> i) Annual budgets for the organization and entities within it ii) End of calendar year/fiscal year or periodical budget report

SECTION III: Requisite Institutional Capacity

Specific Capability Required

- A) Ability to manage procurement procedures which provide for transparent practices, including competition
- B) Ability to identify, develop and appraise projects
- C) Competency to manage or oversee the execution of projects/programmes, including ability to manage sub-recipients and to support project/programme delivery and implementation
- D) Capacity to undertake monitoring and evaluation

	Required competency	Specific capability required	Supporting documentation that may be provided
	Procurement	Evidence of transparent and fair procurement policies and procedures at the national level that are consistent with recognized international practice (including dispute resolution procedures)	<ul style="list-style-type: none"> i) Procurement Policy ii) Detailed procedures or guidelines including composition and role of key decision making committees iii) Provisions for oversight/audit /review of the procurement function with an actual sample of oversight/audit/review reports iv) Procedures for handling/controlling procurement in Executing Agencies
	Project preparation and approval. This should include impact (environment, socio-economic, political, etc) assessment study with risk assessment and mitigation plans	Demonstration of capability and experience in identification and design of projects (preferably adaptation projects)	Detailed project plan documents for 2 projects

		Demonstration of availability of/ access to resources and track record of conducting appraisal activities	<ul style="list-style-type: none"> i) Details of the project approval process/procedure ii) 2 samples of project appraisals undertaken
		Demonstration of the ability to examine and incorporate the likely impact of technical, financial, economic, social, environmental, and legal aspects into the project at the appraisal stage itself	Sample of project documents which demonstrate this capability
		Evidence procedures/framework in place to undertake risk assessment and integrate mitigation strategies/plans into the project document	<ul style="list-style-type: none"> i) Policy and/or other published document(s) that outline the risk assessment procedures/framework ii) 2 samples of completed project appraisals with identified risks and corresponding mitigation strategies/plans
	Project implementation Planning and Quality-at-entry Review	Evidence of institutional system for planning implementation of projects with particular emphasis for quality-at-entry	Operational manual or written procedures for project review system during the design phase
		Evidence of preparation of project budgets for projects being handled by the entity or any sub-entity within it	<ul style="list-style-type: none"> i) Project budgets i) Analysis of project expenditure vs budget
	Project Monitoring and Evaluation during implementation	Demonstration of existing capacities for monitoring and independent evaluation that are consistent with the requirements of the Adaptation Fund	<ul style="list-style-type: none"> ii) Policy or other published document that outlines monitoring and evaluation requirements iii) Detailed procedures and formats used for monitoring and evaluation during project implementation iv) Sample project monitoring and evaluation reports

		Production of detailed project accounts which are externally audited	i) Sample of project accounts ii) Sample of project audit reports
		Evidence of a process or system, such as a project-at-risk system, that is in place to flag when a project has developed problems that may interfere with the achievement of its objectives, and to respond to redress the problems	Procedures for project-at-risk system or similar process/system to ensure speedy solutions to problems which may interfere with the achievement of the project objectives
	Project closure and final evaluation	Demonstration of an understanding of and capacity to assess impact/implications of the technical, financial, economic, social, environmental, and legal aspects of projects	Project closure reports or independent evaluation reports containing assessment of the impact/implications of the technical, financial, economic, social, environmental, and legal aspects of projects
		Demonstration of competence to execute or oversee execution of projects/programmes	Independent evaluation reports of completed projects/programmes

SECTION IV: Transparency, self-investigative powers, and anti-corruption measures

■ Specific Capability Required

a) Competence to deal with financial mismanagement and other forms of malpractice

	Required competency	Specific capability required	Supporting documentation that may be provided
	Policies and Framework to deal with financial mismanagement and other forms of malpractices	Evidence/tone/statement from the top emphasising a policy of zero tolerance for fraud, financial mismanagement and other forms of malpractice by implementing entity staff or from any external sources associated directly or indirectly with the projects	Provide evidence of a statement communicating such a policy of zero tolerance for fraud, financial mismanagement and other forms of malpractice
		Demonstration of capacity and procedures to deal with financial mismanagement and other forms of malpractice	<ul style="list-style-type: none"> i) Provide copy of documented code of conduct/ethics applicable to the staff ii) Documentation establishing avenues for reporting non-compliance/ violation/misconduct and business conduct concerns iii) Details of policies and procedures relating to managing conflict of interest and whistle blower protection
		Evidence of an objective investigation function for allegations of fraud and corruption	<ul style="list-style-type: none"> i) The structure and process/ procedures within the organization to handle cases of fraud and mismanagement and undertake necessary investigative activities. ii) Data on cases of violation of

			<p>code of conduct/ethics and frauds reported over last 2 years be provided in terms of number of cases, types of violations and summary of status/action taken.</p> <p>iii) Periodical oversight reports of the ethics function/ committee be attached for the last 2 years</p>
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