



## ADAPTATION FUND

AFB/PPRC.20/7/Add.1  
4 March 2017

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Adaptation Fund Board  
Project and Programme Review Committee  
Twentieth Meeting  
Bonn, Germany, 14-15 March 2017

Agenda Item 8 b)

### **PROJECT FORMULATION GRANT FOR ARMENIA (1)**

## I. Background

1. The Board at its eleventh meeting discussed the document "Funding for Project Formulation Costs" (AFB/11/6) and agreed, in its Decision B.11/18, that:

- i. project formulation grants (PFG) should be given once a project concept has been approved*
- ii. consideration should be given in terms of differentiating between NIEs and MIEs, since some NIEs might have financial difficulties in trying to formulate project or programme proposals;*
- iii. a flat rate should be given for project formulation costs;*
- iv. a list of eligible activities and items still needed to be prepared;*
- v. the grant should be additional to the project cost; and*
- vi. the fate of funds if the final project document was rejected should be determined.*

2. There was consensus that a three tiered system should be considered for project formulation grants: endorse a project concept with a PFG amount, endorse a project concept without a PFG amount, or reject the project concept.

3. Following the discussion, the Board decided:

*To request the secretariat to reformulate the document, to include a comparison of eligible activities provided by other funds for project formulation grants, to take into account guidance provided by the Board at the present meeting, and to submit the document to the Board at its twelfth meeting, through the EFC. The EFC should review and finalize the process and policy of the project formulation grant focusing, in particular, on: the issue of unspent project funds; the procedures followed by other funds in that regard; and the determination of a flat-rate.*

4. A document was prepared by the secretariat in response to the above mandate and presented at the third EFC meeting, which made specific recommendations to the Board at its twelfth meeting. Having considered the recommendation of the Ethics and Finance Committee, the Board, in its Decision B.12/28, decided that:

- (a) Project Formulation Grants (PFGs) will only be made available for projects submitted through NIEs. The Board would continue reviewing the question of PFGs for projects submitted through MIEs and would solicit comments from members and alternate members by February 14, 2011; the views would be compiled by the secretariat for presentation to the Board at its March 2011 meeting;
- (b) If a country required a project formulation grant, a request should be made at the same time as the submission of a project concept to the secretariat. The secretariat will review and forward it to the PPRC for a final recommendation to the Board. A PFG could only be awarded when a project concept was presented and endorsed;
- (c) A PFG form, reproduced in Annex V, should be submitted;
- (d) Only activities related to country costs would be eligible for PFG funding;

- (e) A flat rate of up to US\$30,000 shall be provided, inclusive of the management fee, which cannot exceed 8.5 per cent of the grant amount. The flat fee would be reviewed by the Board at its thirteenth and all subsequent meetings;
- (f) If the final project document is rejected, any unused funds shall be returned to the Adaptation Fund Trust Fund;
- (g) Once a project/programme formulation grant is disbursed, a fully developed project document should come to the Board for approval within 12 months. No additional grants for project preparation can be received by a country until the fully developed project/programme document has been submitted to the Board; and
- (h) The Trustee was instructed to remove the set-aside of US\$100,000 for project preparation that had been decided at the June 2010 meeting, as project preparation would be approved on a project-by-project basis.

5. At the twenty-sixth meeting, the Board decided to revise the operational policies and guidelines to amend the review process for small-size project and programme proposals so that:

- a) *Small-size project and programme proposals can be submitted using a two-step review cycle, as an alternative to the one-step review cycle; and*
- b) *Small-size project and programme proposals are eligible for project formulation grants, at the time of endorsement of the concept for such proposal, provided that the total budget of the proposed concept is not less than US\$ 500,000.*

(Decision B. 26/29)

## **II. The Project Formulation Grant Request**

6. This addendum to the document AFB/PPRC.20/7 “Proposal for Armenia (1)” includes the Project Formulation Grant, requesting a budget of US\$27,000, which was received by the secretariat along with the concept for the project ARM/NIE/Urban/2017/1 “Artik city closed stone pit wastes and flood management pilot project”. This proposal was submitted on time by the Environmental Project Implementation Unit (EPIU) of the Ministry of Nature Protection of Armenia, which is a National Implementing Entity of the Adaptation Fund for Armenia, for its consideration by the Adaptation Fund Board at its twenty-ninth meeting.

7. In accordance with Decision B.12/28 paragraph (b), the secretariat carried out an initial review of the PFG request and found that the document provided detailed information on the use of the requested funds. Although the proposed activities were aligned with the goal of the project and would support a study and analysis of community capacity and needs, study, assessment of the project areas, the study and assessment of the current situation of Artik drainpipes, compliance with the Environmental and Social Policy of the Fund, a stakeholder consultation process, and the formulation of the fully-developed project, they did not support adaptation goals.

8. Therefore, the PPRC may want to consider and recommend to the Board to not approve the PFG Request.



## Project Formulation Grant (PFG)

Submission Date: 13 January 2017

Adaptation Fund Project ID:

Country/ies: Armenia

Title of Project/Programme: " Artik city closed stone pit wastes and flood management pilot project "

Type of IE (NIE/MIE): NIE

Implementing Entity: "Environmental project implementation unit" SA

Executing Entity/ies: Ministry of Nature Protection of RA

### A. Project Preparation Timeframe

Start date of PFG	April 2017
Completion date of PFG	July 2017

### B. Proposed Project Preparation Activities (\$)

Describe the PFG activities and justifications:

N	List of Proposed Project Preparation Activities	Output of the PFG Activities	USD Amount
1	The collection and analysis of the project related baseline data	1. The project related documents are analyzed.	\$ 2 000
2	Study, assessment and design of the project area	1. The present situation of the closed quarry is studied 2. Construction, reforestation, design and estimate documents are designed.	\$ 7 000
3	Study, assessment and design of the current situation of the Artik drainpipes.	1. The current situation of drainpipes is examined. 2. The design and estimate documents of cleaning are designed	\$ 7 000
4	The study and analysis of Community capacity and needs	1. Existing demographic data, population employment and migration features are analyzed. 2. Community capacities, knowledge on climate change, ecosystem adaptation and protected area significance are identified. 3. Schedule and budget, and measures to improve the socio-economic situation of the communities and to enhance knowledge are designed.	\$ 3 000
5	Development of the project's environmental and social risk management plan and monitoring	Environmental and social risk management plan and monitoring system are designed	\$ 2 000

6	Design of the full project proposal and draft budget	Full project proposal draft and budget are designed	\$ 2 000
7	Discussion of draft project proposal with stakeholders	Project proposal discussed with stakeholders are revised and approved	\$ 2 000
8	Translation of project proposal into English	Project proposal is translated into English	\$ 2 000
9	Submission of project proposal to Adaptation Fund	Project proposal was reviewed by AF, the results of the review was represented to "EPIU" SA, project proposal was revised and approved by the Fund	
Total Project Formulation Grant			\$ 27 000

### C. Implementing Entity

This request has been prepared in accordance with the Adaptation Fund Board's procedures and meets the Adaptation Fund's criteria for project identification and formulation

Implementing Entity Coordinator, IE Name	Signature	Date (Month, day, year)	Project Contact Person	Telephone	Email Address
Gevorg Nersisyan, director of SA "Environmental project implementation unit"		January 13, 2017	Samvel Baloyan, deputy director of SA "Environmental project implementation unit"	+37410 651631	<a href="mailto:info@cep.am">info@cep.am</a> <a href="mailto:sbaloyan09@rambler.ru">sbaloyan09@rambler.ru</a>