



ADAPTATION FUND

AFB/PPRC.18/9/Add.1
2 March 2016

Adaptation Fund Board
Project and Programme Review Committee
Eighteenth Meeting
Bonn, Germany, 15-16 March 2016

Agenda Item 7 e)

PROJECT FORMULATION GRANT FOR PANAMA

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.*

II. The Project Formulation Grant Request

5. This addendum to the document AFB/PPRC.18/9 “Proposal for Panama” includes the Project Formulation Grant request, requesting a budget of US\$30,000, which was received by the secretariat along with the concept for the project PAN/NIE/Water/1 “Adapting to climate change through integrated water management in Panama”. This proposal was submitted on time by Fundacion Natura, the National Implementing Entity for Panama, for consideration by the Adaptation Fund Board at its twenty-seventh meeting.

6. 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. The proposed activities were aligned with the goal of the project and would help designing the project through stakeholders’ consultation and development of the full proposal.

7. Therefore, the PPRC may want to consider and recommend to the Board to approve the PFG Request provided that the related concept proposal is endorsed.



Project Formulation Grant (PFG)

Submission Date: 18/1/16

Adaptation Fund Project ID:
 Country/ies: Panama
 Title of Project/Programme: "Adapting to climate change through integrated water management in Panama"
 Type of IE (NIE/MIE): NIE
 Implementing Entity: Fundación Natura
 Executing Entity/ies: Ministry of Environment; Ministry of Agriculture; ETESA

A. Project Preparation Timeframe

Start date of PFG	February 15th, 2016
Completion date of PFG	April 8th, 2016

B. Proposed Project Preparation Activities (\$)

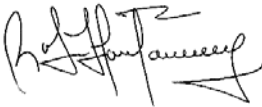
Describe the PFG activities and justifications:

	List of Proposed Project Preparation Activities	Output of the PFG Activities	USD Amount
1	<p>Working session with main program partners: Min of Environment; Min of Agriculture and ETESA to revise logical framework and program components</p> <p>Working session with the Climate Change National Committee (comprised of 27 governmental agencies) to socialize the process conducted and highlights of the proposed program</p>	<ul style="list-style-type: none"> • Concept Program Reviewed and validated; • Agreement on proposal preparation and validation process at local level with inclusion of social and environmental safeguards criteria 	2,000
2	<p>Preparation of the Full Program Proposal:</p> <ul style="list-style-type: none"> - Incorporate observations and recommendations received from the Secretariat on the program concept submitted - Develop the proposed program's Risk analysis and M&E proposed protocol - Prepare and deliver materials -on the proposed program- to key stakeholders at local level (both watersheds, Santa María and Chiriquí Viejo) 	<ul style="list-style-type: none"> • Proposal and materials prepared and distributed to key stakeholders to be consulted. • Draft of full program proposal completed. 	14,000

	List of Proposed Project Preparation Activities	Output of the PFG Activities	USD Amount
3	Two consultation workshops with stakeholders at both areas of the proposed program (Santa María Watershed and Chiriquí Viejo Watershed) Sectoral workshop with CC National Committee	<ul style="list-style-type: none"> • Draft of full program proposal reviewed by stakeholders at local level. • Draft document validated by local stakeholders. 	12,000
4	Public consultation via internet and national newspapers. Validated full program proposal will be published in open websites of Fundación Natura and the Ministry of Environment, providing means to offer final comments. In addition, an announcement will be made in two national circulation newspapers, inviting general public to consult the abovementioned websites.	<ul style="list-style-type: none"> • Full Program Proposal shared broadly, and final comments incorporated. 	1,000
5	Final meeting with the Climate Change National Committee and other relevant stakeholders (civil society and academia, others) for final program proposal validation	<ul style="list-style-type: none"> • Final approval of Full Program Proposal and implementation agreements from the National Committee for Climate Change. 	1,000
Total Project Formulation Grant			UD\$30,000

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
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