



ADAPTATION FUND

AFB/PPRC.20/29
6 March 2017

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

Agenda item 10

**INTERSESSIONAL REVIEW OF PROJECT FORMULATION
ASSISTANCE GRANT PROPOSALS UNDER THE READINESS
PROGRAMME**

Background

1. At its twenty-second meeting the Adaptation Fund Board (the Board) approved document AFB/B.22/6 which outlined options for a programme to support readiness for direct access to climate finance for national and regional implementing entities.¹ Included in the options for the Readiness Programme had been grants for project formulation assistance which would provide additional support to accredited national implementing entities (NIEs) for project formulation. The grants would be additional small grants on top of project formulation grants (PFGs) for NIEs that need funding to undertake a specific technical assessment such as an environmental impact assessment (EIA), a vulnerability assessment (VA) etc.

2. At its twenty-seventh meeting the Adaptation Fund Board Secretariat (the secretariat) had presented document AFB/B.27/7 which presented the progress made in Phase II of the Readiness Programme and outlined activities that would be implemented in fiscal year 2017 (FY17) from 1 July 2016 to 30 June 2017. The document had also proposed for the Board to set aside funding for direct transfers from the resources of the Adaptation Fund Trust Fund for allocation as small grants, including small grants of up to US\$ 15,000 per NIE as project formulation assistance (PFA) grants. The PFA grants would be additional small grants on top of PFGs for NIEs that need funding to undertake a specific technical assessment and the secretariat would develop, under the guidance of the PPRC, criteria for the provision of these grants. Having considered document AFB/B.27/7, the Adaptation Fund Board decided to:

- a) *Take note of the progress report for phase II of the Readiness Programme;*
- b) *Integrate the Readiness Programme into the Adaptation Fund work plan and budget; and*
- c) *Approve the proposal for the Readiness Programme for the fiscal year 2017 (FY17), comprising its work programme for FY17 with the funding of US\$ 616,500 to be transferred to the secretariat budget and US\$ 590,000 for direct transfers from the resources of the Adaptation Fund Trust Fund for allocation as small grants.*

(Decision B.27/38)

Project formulation assistance

3. The secretariat had sought additional information on the general practice for budget costing of specific technical assessments such as EIAs, VAs and gender studies by other agencies that provide readiness support such as the Global Environment Facility² (GEF) and the Climate Investment Funds³ through its implementing agencies who have set aside funds for environmental and social impact assessments in some of their project portfolios. These organizations have set aside budgets ranging from US\$ 15,000 to US\$ 300,000 for such specialist studies. With due consideration of the size and scope of projects funded by the Adaptation Fund, it is therefore proposed that the PFA grants for accredited NIEs of the Fund could more effectively address the need for project formulation support and address capacity gaps in project formulation for NIEs if NIEs could access up to a maximum of US\$ 20,000.

¹ Decision B.22/24

² https://www.thegef.org/projects?search_api_views_fulltext=

³ <http://www.iadb.org/en/projects/project-details,1301.html?Status=PIP&ESIC=A>

4. The application procedure, review criteria and approval process could be the same as the current practice that was approved by the Board for PFGs in which the secretariat would announce through the Fund's website and network, the availability of PFA grants and procedures. The proposed application template for PFA grants is included in Annex I to this document. Applications for PFA grants would only be applicable to NIEs and to projects going through the two-step project approval process, and only at the concept stage of the project. Applicants seeking the PFA grant would therefore be required to submit their PFA grant proposal simultaneously with the project concept proposal for consideration by the Board. As is the case with PFGs, PFA grants would be able to be submitted together with concepts at regular meetings of the Board and also intersessionally.

5. The Project and Programme Review Committee (PPRC) may want to recommend to the Board:

- a) That Project Formulation Assistance (PFA) grants of a flat rate of up to US\$20,000 for each project, could be provided for accredited national implementing entities (NIEs) seeking project formulation assistance, of which amount is inclusive of the management fee, which cannot exceed 8.5 per cent of the grant amount.
- b) That PFA grants will only be made available for projects submitted through accredited NIEs for projects going through the two-step project approval process, and can only be awarded when a project concept is presented and endorsed by the Adaptation Fund Board. A request for a PFA grant should be made at the same time as the submission of a project concept to the secretariat using the PFA grant application form contained in Annex I.
- c) To request the secretariat to review PFA Grant proposals for submission at regular meetings of the Board, and intersessionally during an intersessional period of more than 24 weeks between two consecutive Board meetings.
- d) That once a PFA grant is disbursed, a fully developed project document should come to the Board for approval within 12 months.

ANNEX I: PROJECT FORMULATION ASSISTANCE GRANT TEMPLATE**Project Formulation Assistance (PFA) Grant**

Submission Date:

Adaptation Fund Project ID:
 Country:
 Title of Project/Programme:
 National Implementing Entity:
 Executing Entity/ies:

A. Project Preparation Timeframe

Start date of PFA Grant	
Completion date of PFA Grant	

B. Proposed Project Preparation Activities (\$)

Describe the PFA Grant activities and justifications:

List of Proposed Project Preparation Technical Assessments/Studies	Justification of the Requested Technical Assessments/Studies	US\$ Amount
Total Project Formulation Assistance Grant Requested		

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