



ADAPTATION FUND

AFB/PPRC.20/22/Add.1
4 March 2017

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

Agenda Item 9 a)

**PROJECT FORMULATION GRANT FOR (COSTA RICA, DOMINICAN
REPUBLIC, EL SALVADOR, GUATEMALA, HONDURAS, NICARAGUA
AND 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.

5. In its twenty-fourth meeting, the Board had initiated steps to launch a pilot programme on regional projects and programmes, not to exceed US\$ 30 million and had requested the secretariat to prepare for the consideration of the Board a proposal for such a pilot programme (Decision B.24/30). In its twenty-fifth meeting, the secretariat submitted such document and the Board decided to:

- (a) Approve the pilot programme on regional projects and programmes, as contained in document AFB/B.25/6/Rev.2;
- (b) Set a cap of US\$ 30 million for the programme;
- (c) Request the secretariat to issue a call for regional project and programme proposals for consideration by the Board in its twenty-sixth meeting; and
- (d) Request the secretariat to continue discussions with the Climate Technology Center and Network (CTCN) towards operationalizing, during the implementation of the pilot programme on regional projects and programmes, the Synergy Option 2 on knowledge management proposed by CTCN and included in Annex III of the document AFB/B.25/6/Rev.2.

(Decision B.25/28)

6. The approved document AFB/B.25/6/Rev.2 contained provisions for the approval of project formulated grants for regional project and programme proposals, at different development stages, as follows:

It is proposed that the Board open a structured call for MIEs and RIEs to submit pre-concepts for regional projects and programmes. The optional pre-concepts would be very brief proposals of maximum 5 pages that would explain the proposed regional adaptation project/programme. The pre-concepts would be screened and technically reviewed by the secretariat, and subsequently reviewed by the PPRC. Together with the pre-concept, the proponent could submit a Phase I PFG request, up to the maximum level of US\$ 20,000. While endorsing the pre-concept, the Board could also approve the Phase I PFG request. The endorsement of the pre-concept would not create an obligation for the Board for later funding. As the next step, the proponent would submit a concept, and with it the proponent could submit a Phase II PFG request. The maximum level of the Phase II PFG would be

US\$ 80,000 for proposals that had been previously granted Phase I PFG, and US\$ 100,000 for proposals that bypassed the optional pre-concept stage. While endorsing the concept, the Board could also approve the Phase II PFG request. The endorsement of the concept would not create an obligation for the Board for later funding, as it is the case for the national projects. The final stage of the proposal process would be the submission of the fully-developed regional project document.

II. The Project Formulation Grant Request

7. This addendum to the document AFB/PPRC.20/22 “Proposal for (Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua and Panama)” includes the Project Formulation Grant, requesting a budget of US\$100,000, which was received by the secretariat along with the concept for the project LAC/RIE/Inno/2016/1 “Productive Investment Initiative for Adaptation to Climate Change”. This proposal was submitted on time by the Central American Bank for Economic Integration (CABEI), which is a Regional Implementing Entity of the Adaptation Fund, for its consideration by the Adaptation Fund Board at its twenty-ninth meeting.

8. 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 support a comprehensive consultation process, collecting sectoral information, vulnerability screening, and the development of the fully-developed project document.

9. 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.



ADAPTATION FUND

Request for Project Formulation Assistance to undertake special technical assessments

Submission Date: 09.01.2017

Adaptation Fund Grant ID:

Country: Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, Panama and Dominican Republic

Implementing Entity: Central American Bank for Economic Integration (CABEI)

A. Timeframe of Activity

Expected start date of activity	01.04.2017
Completion date of activity	31.07.2017

B. Type of support requested

Describe the technical assessment(s) the implementing entity will undertake to support the design and development of adaptation projects and programmes

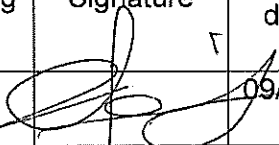
Type of Technical Assessment requested*.	Duration (months)	Type/name of provider for the requested support ¹	Requested budget (USD)
Collecting of sector information: this will constitute and input for the regional consultation workshops, since it will provide the context for correctly addressing stakeholders' action framework. This assessment will include a gender approach.	2 (months 1 and 2)	Individual consultant to be identified	10,000
Vulnerability screening of the productive sectors: This will constitute an input for the regional consultation workshops and eligibility criteria for the full proposal.	2 (months 1 and 2)	Individual consultant to be identified	15,000
3 Regional consultation workshops: CABEI will implement a three-step consultation methodology: 1) better understanding of the sectors and their adaptation challenges, establish a general framework with stakeholders; 2) deepen the exchanges build the design of the project's products; 3) validate the product and establish monitoring and evaluation procedures. CABEI will ensure the assistance of representatives from the seven countries. The grant would cover transportation, accommodation, food and workshop location rental	2 (months 2 and 3)	CABEI	75,000
Total Grant Requested (USD)			100,000

***Footnote: Technical assistance could include EIA, VA, technical studies, gender assessment etc.**

¹ Specify if it is an institution, consulting firm or individual consultant. When possible, provide the name of the institution, firm or individual identified or selected.

C. Implementing Entity

This request has been prepared in accordance with the Adaptation Fund Board's procedures

Head of Implementing Entity	Signature	Date (Month, day, year)	Implementing Entity Contact Person	Telephone	Email Address
Dr. Nick Rischbieth		09/01/2016	Randall Hooker	+504 22402264	hookerr@bcie.org

D. Record of endorsement on behalf of the government

Provide the name and position of the government official, Designated Authority of the Adaptation Fund, and indicate date of endorsement. The endorsement letter must be attached as an annex to the request.

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