



ADAPTATION FUND

AFB/PPRC.28/23/Add.1
4 October 2021

Adaptation Fund Board
Project and Programme Review Committee
Twenty-eighth Meeting
Bonn, Germany (virtual), 11-13 March 2021

Agenda Item 5 d)

PROJECT FORMULATION GRANT FOR INDIA, SRI LANKA

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
- v. 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 AFB/PPRC.18/25/Add.1 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.28/22 “Proposal for India, Sri Lanka” includes a request for a Project Formulation Grant, requesting a budget of US\$ 80,000, which was received by the secretariat along with the concept for the regional project ASI/MIE/Food/2020/1-AF00000225 “*Strengthening resilience of vulnerable communities in Sri Lanka and India to increased impacts of climate change*”. This proposal was submitted by the United Nations World Food Programme (WFP), which is a Multilateral Implementing Entity of the Adaptation Fund, in time for consideration by the Adaptation Fund Board at its thirty-seventh Board 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 include a comprehensive consultation process with communities and key stakeholders, vulnerability and capacity assessment studies, and environmental and social risk assessments.

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.



Project Formulation Grant (PFG) – Phase II

Submission Date: 9th August 2021.

Adaptation Fund Project ID:

Countries: Sri Lanka, India

Title of Project/Programme: Strengthening resilience of vulnerable communities in Sri Lanka and India to increased impacts of climate change

Type of IE (NIE/MIE): Multilateral Implementing Entity (MIE) **Implementing**

Entity: United Nations World Food Programme (WFP) **Executing Entities:** Sri Lanka: Ministry of Environment.

India: Ministry of Environment, Forest and Climate Change.

A. Project Preparation Please confirm the dates

Start date of PFG	1 November 2021
Completion date of PFG	1 November 2022

B. Proposed Project Preparation Activities (\$)

List of Proposed Project Preparation Activities	Output of the PFG Activities	USD Amount
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<p>Consultations with communities and key stakeholders.</p> <ol style="list-style-type: none"> 1. Consultation with the technical teams in both the countries 1. Consultations with members of the community through the use of participatory techniques 2. Consultations with national governments, local actors, and relevant stakeholders on a binational level 3. Process of Free, Prior, and Informed Consent (FPIC) with Particularly Vulnerable Tribal Groups (PVTGs) in India. 4. Validation of the complete proposal with national and territorial governments, local governments, and communities 5 Organizing a regional consultation workshop between the two governments <p>The budget may also cover the cost of translating the final reports into English (where necessary).</p> <p>A Climate Change Adaptation specialist will be hired to support the implementation these activities.</p>	<p>Community Consultation Report Stakeholders Consultation Report</p> <p>Final project proposal developed taking into account technical climate change adaptation inputs as well as the perspectives of all stakeholders.</p>	<p>35,000</p>
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<p>Development of the full project proposal, which includes conducting studies and assessments, including those on marginalized and vulnerable groups, indigenous peoples, natural habitat protection and conservation, environmental and social risk assessment and related management plan, and gender assessment and related action plan.</p> <p>Vulnerability and capacity assessments include the following:</p> <ul style="list-style-type: none"> (i) The assessment of natural habitats and biodiversity, feasibility of various climate resilient crops- traditional practices and beliefs (ii) Mapping of existing schemes and support structures on enhanced livelihoods and agriculture, food security- and their climate responsiveness. Mapping the financial support services that potentially provide risk and crop insurance, financial investments for climate proofing of village level infrastructures (iii) Analysis of agromet and hydromet advisories provided and capacities of the communities to translate that into action- the capacity gaps at various levels (iv) An environmental and social assessment to identify any potential risk and define the most suited measures to mitigate those, their budget and monitoring arrangements and indicators, (v) A gender assessment and related action plan. <p>A Climate Change Adaptation specialist will be hired to carry out these activities. Other specialists (ESS, gender) might be hired depending on the needs of each Country Office.</p>	<p>Final project proposal and related annexes developed, based on the results of the assessments.</p> <p>Environmental and social risk assessment and environmental and social risk management plan developed.</p> <p>Gender assessment and action plan developed.</p>	<p>42,000</p>
<p>Audit</p>	<p>Report produced</p>	<p>3,000</p>
<p>Total Project Formulation Grant</p>		<p>80,000¹</p>

¹ Includes WFP Indirect Support Cost of 6.5%

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	Project Contact Person	Telephone	Email Address
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