



**ADAPTATION FUND**

AFB/PPRC.31/48/Add.1  
27 February 2023

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Adaptation Fund Board  
Project and Programme Review Committee  
Thirty-first meeting  
Bonn, Germany, 21-22 March 2023

Agenda Item 9 d)

**PROJECT FORMULATION GRANT FOR  
INDIA**

## 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”.*

### **Project Formulation Support for Large Innovation Projects**

7. At its thirty-sixth meeting, the Board considered the document AFB/PPRC.27/28, *Programme on Innovation: Operationalization of Large Grants for Innovation*, which stipulates the project formulation support for single country and regional large innovation projects/ programmes as follows:

*“National implementing entities (NIEs) that are at the concept development stage of the Fund’s project cycle process have the option to request a project formulation grant (PFG) up to a maximum of US\$ 30,000 per project together with their submission of the project concept to the Board. PFGs can support project formulation activities, including among others feasibility studies or consultations. A PFG could only be awarded when a project concept has been presented to and endorsed by the Board. The template for a Request for Project Formulation Grant (PFG) is available under Project Proposal Materials. To complement the PFGs and support the undertaking of specialist technical assessments during project preparation and design, the Board has also made available Project Formulation Assistance (PFA) grants under the Readiness Programme, up to a maximum of US\$ 20,000 per project, which are also available to NIEs that apply for innovation large grants. PFGs would be funded from the provision dedicated to the Large Grants for Innovation whereas PFAs would be financed outside the provision. For a project for which PFG funding is sought, the total amount of funding inclusive of PFG (but not PFA) cannot exceed US\$ 5 million.*

*Regional and multilateral implementing entities (RIEs and MIEs) that are at the concept development stage of the Fund’s project cycle process have the option to request a PFG up to a maximum of US\$ 30,000 per project together with their submission of the regional project concept to the Board.”*

8. Following the discussion, the Board decided:

*(a) To approve the Innovation Large Grant Project Proposal template, the Review Criteria template and the Instructions for Preparing a Proposal for*

*Innovation Large Grants, as described in annexes II, III and IV to document AFB/PPRC.27/28;*

*(b) To launch the request for proposals so that submissions of Innovation Large Grants proposals are invited to be considered as early as the thirty-seventh meeting of the Board.*

*(Decision B.36/24)*

9. In its thirty-seventh meeting, the Board decided to raise the maximum of individual project formulation grants available to national implementing entities:

*(d) To raise the maximum amount of individual project formulation grants available to national implementing entities to US\$ 50,000*

**(Decision B.37/1 (d))**

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

10. This addendum to the document AFB/PPRC/31/49 "Proposal for Large Innovation Project for India" includes a request for a Project Formulation Grant, requesting a budget of US\$ 50,000, which was received by the secretariat along with the concept for the large innovation regional project AF00000341 "Climate Smart Agricultural Water Management in Man and Khatav Taluka of Satara, Maharashtra, India". This proposal was submitted by National Bank for Agriculture and Rural Development (NABARD), which is a National Implementing Entity of the Adaptation Fund, in time for consideration by the Adaptation Fund Board at its fortieth Board meeting.

11. 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 enable stakeholder consultations, coordinate the work packages of the executing entities and partner agencies and conduct a feasibility study for technology assessment of pilot projects.

12. 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: 20 February 2023

Adaptation Fund Project ID :  
Country/ies : INDIA  
Title of Project/Programme : Climate Smart Agricultural Water Management in Man and  
Khatav Taluka of Satara, Maharashtra, India  
Type of IE (NIE/MIE) : National Implementing Entity  
Implementing Entity : National Bank for Agriculture and Rural Development  
(NABARD)  
Executing Entity/ies : Indian Institute of Technology Bombay (IITB), India

### A. Project Preparation Timeframe

Start date of PFG	April 2023
Completion date of PFG	November 2023

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


Describe the PFG activities and justifications:

List of Proposed Project Preparation Activities	Output of the PFG Activities	USD Amount
Coordinate with project Work Packages (WPs) of Executing Entity and partner agencies to finalize project outline, develop implementation arrangement and result framework	Finalization of the project outline, implementation arrangements and result framework	4000
Conducting a feasibility study for technology assessment of pilot projects for research results	Feasibility study report of pilot projects	7000
Stakeholder consultation with target communities of the project geography to: <ul style="list-style-type: none"><li>Identify specific climate change vulnerabilities and appropriate local level responses</li><li>Compilation of inputs received from stakeholders and beneficiaries of project for implementation plan</li></ul>	<ul style="list-style-type: none"><li>Stakeholder consultation report with specific climate change vulnerabilities and appropriate local level responses</li><li>Stakeholder and beneficiary inputs used in the development of implementation plan</li></ul>	10000

List of Proposed Project Preparation Activities	Output of the PFG Activities	USD Amount
Assessment of cost-effectiveness of proposed project activities  Assessment of project risks, sustainability, and associated recommendations of applicable measures to minimize and mitigate risks and ensure project sustainability and scalability	<ul style="list-style-type: none"> <li>• Cost analysis report of proposed project activities</li> <li>• Risk assessment report with recommendations to minimize project risks and ensure project sustainability and scalability</li> </ul>	4000
Detailed Gender Analysis and Gender Action Plan (GAP)	Carrying out detailed Gender Analysis and preparation of Gender Action Plan (GAP) using gender responsive indicators for fostering meaningful participation of women in the project and its budget estimation	5000
Development of the Environmental and Social Management Plan (ESMP)	Environmental and Social Management Plan (ESMP) report with indicators and budget estimation	4000
Baseline development for all project indicators	Baselines for M&E plan with indicators	3000
Development of a detailed plan for knowledge management and information dissemination	Plan for knowledge management and dissemination of lessons learned	3000
<b>Total Project Formulation Grant</b>		<b>40000</b>

### 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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