



ADAPTATION FUND

AFB/PPRC.31/25/Add.1
13 March 2023

Adaptation Fund Board
Project and Programme Review Committee
Thirty-first Meeting
Bonn, Germany, 22-23 March 2022

Agenda Item 5 j)

PROJECT FORMULATION GRANT FOR PERU (1)

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”.

7. The Board in its thirty-seventh meeting, having considered the recommendation of the Project and Programme Review Committee (PPRC), the Adaptation Fund Board decided:

(a) To request the secretariat to analyse the issues related to the use of unidentified sub- projects and present the findings to the PPRC at its twenty-ninth meeting;

(b) To further request the secretariat to clarify regional implementation and execution costs, including where implementing entities provide part or all of the execution services, and present the findings to the PPRC at its twenty-ninth meeting;

(c) To limit, for all projects where the implementing entity provides a portion of the execution services, the execution costs of the implementing entity proportionally to the cost of the part of the project or programme executed by the implementing entity;

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

(e) To discontinue project formulation assistance grants for future review cycles.

(Decision B.37/1)

II. The Project Formulation Grant Request

8. This addendum to the document AFB/PPRC.31/25 “Proposal for Peru (1)” includes a request for a Project Formulation Grant, requesting a budget of US\$ 45,500.00 which was received by the secretariat along with the concept for the project AF00000296 “Building a program for adaptation and resilience to climate change of Andean local communities and ecosystems in Peru”. This proposal was submitted the Peruvian Trust Fund for National Parks and Protected Areas (PROFONANPE) which is the National Implementing Entity of the Adaptation Fund, in time for consideration by the Adaptation Fund Board at its fortieth Board meeting.

9. 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 be detailed logical framework; detailed budget; detailed environmental and social assessment and etc.

10. 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: 01/09/2023

Adaptation Fund Project ID :
 Country : Perú
 Title of Project : Building a program for adaptation and resilience to climate change of Andean local communities and ecosystems in Peru
 Type of IE (NIE/MIE) : National
 Implementing Entity : Profonanpe
 Executing Entity/ies : HELVETAS Swiss Intercooperation

A. Project Preparation Timeframe

| | |
|------------------------|----------------------------|
| Start date of PFG | March 1 st 2023 |
| Completion date of PFG | July 31 th 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 |
|--|--|---|
| Activities design: - Detailed logical framework - Detailed budget - Detailed environmental and social assessment | <ul style="list-style-type: none"> Logical Framework and Budget Environmental and Social Assessment Report | 8,000.00 |
| Consultative process planning: - Consultation general methodology (data collection and systematization) - Prioritization of local communities by conservation mosaic - Planning and implementation of field work. - Preparation of the general work plan | <ul style="list-style-type: none"> Consultative process plan | 5,000.00 |
| Consultative process: - Data collection on the field - Systematization - Report preparation | <ul style="list-style-type: none"> Consultative process report by conservation mosaic | 22,500.00 - Salaries: 15,000 (2 specialist, by 3 months) - Fieldwork expenses (flight |

| List of Proposed Project Preparation Activities | Output of the PFG Activities | USD Amount |
|--|------------------------------------|--|
| | | <i>tickets, local transportation, food, lodging, meals and workshop materials): 7500 (2500 per mosaic)</i> |
| Integration of results to full proposal document | • Consultative process full report | 4,000.00 |
| Final drafting of full proposal | • Full proposal | 6,000.00 |
| Total Project Formulation Grant | | 45,500 USD |

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 |
|--|---|-------------------------|------------------------|----------------|----------------------------|
| Anton Willems |  | 01/09/2023 | Claudia Godfrey | (511) 218 1097 | cgodfrey@profonanpe.org.pe |



PERÚ

Ministerio
del Ambiente

Viceministerio de
Desarrollo Estratégico de
los Recursos Naturales

Dirección General
de Cambio Climático
y Desertificación

"Decenio de la Igualdad de Oportunidades para mujeres y hombres"
"Año del Fortalecimiento de la Soberanía Nacional"
"Año del Bicentenario del Congreso de la República del Perú"

Lima, 08 de agosto de 2022

LETTER N° 00101-2022-MINAM/VMDERN/DGCCD

Merssrs.

The Adaptation Fund Board

c/o Adaptation Fund Board Secretariat

Email: Secretariat@adaptation-fund.org

Fax: 202 522 3240/5

Subject : Endorsement letter for the concept note "Building a program for the adaptation and resilience to climate change of the andean ecosystems and populations of Peru".

The Ministry of the Environment of Peru is the governing body of the National Climate Change Strategy of Peru and is the ministry in charge of informing the United Nations Framework Convention on Climate Change on the commitments of Nationally Determined Contributions (NDC). Within this framework, the concept note "Building a program for the adaptation and resilience to climate change of the andean ecosystems and populations of Peru" has been evaluated, to be presented to the Adaptation Fund. In this sense, the proposal contributes to increasing the adaptive capacity of the productive systems of rural Andean peasant communities and to reducing the vulnerability of the Peruvian Andean ecosystems (Andean forests, moors and wetlands).

In this vein, I am pleased to endorse the concept note mentioned above with support from the Adaptation Fund. If approved, we will ensure that the project is aligned to our climate change adaptation targets, and that is duly coordinated between the Ministry of Environment and Profonampe.

We appreciate your attention very much, and thank you for your kind consideration.

Sincerely yours,

Milagros Sandoval Diaz

Head of the General Directorate of Climate Change and Desertification

Ministry of the Environment

Designated Authority

web: <https://ecodoc.minam.gob.pe/verifica/view> e ingresando la siguiente clave: **4dff6a**

File Number: 2022043179

