



ADAPTATION FUND

AFB/PPRC.32/14/Add.1
18 September 2023

Adaptation Fund Board
Project and Programme Review Committee
Thirtieth Meeting
Bonn, Germany, 10-11 October 2023

Agenda Item 5c)

**PROJECT FORMULATION GRANT FOR
MALAYSIA, PHILIPPINES**

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.32/14 “Proposal for Malaysia, Philippines” includes a request for a Project Formulation Grant, requesting a budget of US\$ 20,000, which was received by the secretariat along with the concept for the project AF00000354 “Strengthening Climate Resilience and food security through South-South Cooperation in adaptive rice production in Malaysia and the Philippines”. This proposal was submitted by the United Nations Industrial Development Organization (UNIDO), which is a Multilateral Implementing Entity of the Adaptation Fund, in time for consideration by the Adaptation Fund Board at its forty-first 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 would support conducting assessments to verify project target locations and, developing interventions contextualized for each location; organizing stakeholder consultation workshops to verify and validate the interventions, and mobilizing project partners such as private sector working in the target locations.

9. Therefore, the PPRC may want to consider and recommend to the Board to approve the PFG Request, provided that the related pre-concept proposal is endorsed.



Project Formulation Grant (PFG)

2023

Submission Date: 17 August

Adaptation Fund Project ID:
 Country/ies: the Philippines, Malaysia
 Title of Project/Programme: Strengthening Climate Resilience and food security through South-South Cooperation in adaptive rice production in Malaysia and the Philippines
 Type of IE (NIE/MIE): MIE
 Implementing Entity: UNIDO
 Executing Entity/ies: the Department of Agriculture, the Philippines, the Malaysia Bioeconomic Corporation, Malaysia, Asia Disaster Preparedness Center (ADPC)

A. Project Preparation Timeframe

Start date of PFG	October 2023
Completion date of PFG	August 2024 for October Board meeting

B. Proposed Project Preparation Activities (\$)


Describe the PFG activities and justifications:

List of Proposed Project Preparation Activities	Output of the PFG Activities	USD Amount
1. Hire a consultant to contribute to the development of the concept note by: <ul style="list-style-type: none"> 1.1 Conducting assessments to verify project target locations. These assessments might include historical climate patterns seed varieties introduced together with biofertilizer, Agriculture 4.0, environmental impact assessment (EIA) a vulnerability assessment (VA), a risk assessment, a gender study, and other environmental and social assessments; 1.2 Based on the assessments, developing interventions 	1. The full project document developed containing complete description of problems to be solved, available data and define needs and priorities and propose operational activities needed for formulation of the project proposal	12,000

<p>contextualized for each location;</p> <p>2 Organizing stakeholder consultation workshops to verify and validate the interventions. At least one workshop per each target location conducted;</p> <p>3 Mobilizing project partners such as private sector working in the target locations. This entails contacting and scheduling meetings with relevant partners such as private sector (ie IBM in the Philippines), local banks as well as international banks such as the Asian Development Bank.</p>		
<p>UNIDO to take part in the activities such as workshops organized by the above party.</p>	<p>Meet the national and regional partners and stakeholders to validate the draft concept note and discuss detailed implementation arrangements, pilot testing areas, and finalize the above</p>	8,000
<p>Total Project Formulation Grant</p>		20,000

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
Fatou Haidara Managing Director Directorate of Global		17/08/2023	Jaime Moll de Alba Director	Tel: +43 1 26026- 3291	J.Moll-de-Alba@unido.org; s.chamsuk@unido.org

Partnerships and External Relations and Director General's Special Representative for Africa Tel: +43 1 26026-3708 Email: f.haidara@unido.org			Division of Regional Bureaus and Field Offices Directorate of Global Partnerships and External Relations		



KEMENTERIAN SUMBER ASLI, ALAM SEKITAR DAN PERUBAHAN IKLIM

Ministry of Natural Resources, Environment and Climate Change

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62000 PUTRAJAYA

MALAYSIA

Tel : 03-8091 7012

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Our reference : KASA.BPI.S.800-2/9/2 JLD.3 (16)

Our date : 18 July 2023

The Adaptation Fund Board
c/o Adaptation Fund Board Secretariat
Mail stop: N 7-700
1818 H Street NW
Washington DC 20433
USA

Dear Sir/Madam,

ENDORSEMENT FOR STRENGTHENING FOOD SECURITY THROUGH SOUTH-SOUTH COOPERATION IN RICE PRODUCTION IN MALAYSIA AND THE PHILIPPINES.

In my capacity as Designated Authority for the Adaptation Fund in Malaysia, I confirm that the above national grant proposal is in accordance with the government's national priorities in implementing adaptation activities in agriculture sector to reduce adverse impacts and risks, posed by climate change in Malaysia.

Accordingly, I am pleased to endorse the above grant proposal with support from the Adaptation Fund. If approved, the project will be implemented by United Nations Industrial Development Organisation (UNIDO) and executed by Bioeconomy Corporation.

The project design will address climate change threat to food security by enhancing adaptation capacity and creating an enabling environment for investments in agriculture sector. The project aims to complement further development of National Adaptation Plan, as well as to build resilience of rice farming communities.

Thank you.

Sincerely,


DATO' MOHAMAD RAZIF BIN HAJI ABD MUBIN

Designated Authority to the Adaptation Fund

Deputy Secretary General (Energy, Environment and Climate Change)

Ministry of Natural Resources, Environment and Climate Change



Republic of the Philippines
Department of Environment and Natural Resources

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JUL 07 2023

LEOCADIO S. SEBASTIAN, Ph.D.
Undersecretary for Rice Industry Development
Department of Agriculture
Elliptical Road, Diliman, Quezon City

Subject: **Request for Support to the Pre-Concept Titled “Strengthening Food Security Through South-South Cooperation in Rice Production in Malaysia and the Philippines”**

Dear Undersecretary Sebastian:

This refers to your letter dated June 5, 2023 requesting for the DENR’s support for the Adaptation Fund, to the Pre-Concept titled “Strengthening Food Security Through South-South Cooperation in Rice Production in Malaysia and the Philippines”.

Based on our review, the proposal is aligned with the Philippine government’s strategy to enhance the efficiency of agricultural production and build the resilience of rice farming communities, as espoused in Chapter 5 of the Philippine Development Plan. The project also supports the DENR’s priority to achieve Water Security in our country which entails harnessing our water resources and providing sufficient, good quality and affordable water to all users.

We recommend, however, to identify possible complementation with the DA’s Adapting Philippine Agriculture to Climate Change Project funded by the Green Climate Fund.

Further, may we request that the pre-concept be shortened to conform with the standard length prescribed by the AF guidelines on preparation of pre-concepts (i.e. 5 pages, including cover page).

Thank you.

Very truly yours,

ATTY. ANALIZA REBUELTA-TEH
Undersecretary
Finance, Information Systems and Climate Change

cc: **Undersecretary Jonas R. Leones, CESO I**
Policy, Planning and International Affairs