



ADAPTATION FUND

AFB/PPRC.35/31/Add.1/Rev.1
17 March 2025

Adaptation Fund Board
Project and Programme Review Committee
Thirty fifth Meeting
Bonn, Germany, 8-9 April 2025

Agenda Item 6g)

PROJECT FORMULATION GRANT FOR MALAWI, ZAMBIA

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.35/31/Rev.1 “Proposal for Malawi, Zambia” includes a request for a Project Formulation Grant, requesting a budget of US\$ 30,000, which was received by the secretariat along with the concept for the regional programme AF00000422 “*Supporting Resilient Agricultural Value Chains and Livelihoods of Climate Vulnerable Border Communities of Zambia and Malawi*”. This proposal was submitted by 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-fourth 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 comprehensive consultation process at national level; vulnerability assessment studies, Gender and Social Inclusion Analysis and Project Design and Planning Workshops.

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.



Revised PFG Submission Form¹
Project Formulation Grant (PFG)

Submission Date: 3 December 2024

Adaptation Fund Project ID:

Country/ies: Zambia and Malawi

Title of Project/Programme: Supporting resilient agricultural value chains and livelihoods of climate vulnerable border communities of Zambia and Malawi

Type of IE (NIE/RIE/MIE): MIE

Implementing Entity: United Nations Industrial Development Organization (UNIDO)

Executing Entity/ies: United Nations Industrial Development Organization (UNIDO) Development Aid from People to People (DAPP) Zambia, Development Aid from People to People (DAPP) Malawi.

A. Project Preparation Timeframe

Start date of PFG	May 2025
Completion date of PFG	October 2025

B. Proposed Project Preparation Activities (\$)

Describe the PFG activities and justifications:

List of Proposed Project Preparation Activities	Output of the PFG Activities	US\$ Amount	Budget note²
1. Stakeholder Consultations and Engagement: Engage local communities, government agencies, NGOs, and private sector stakeholders to gather input and ensure alignment with local needs and priorities. To consult all six project districts (three	<ul style="list-style-type: none">Stakeholder engagement and consultation reportMinutes of meetings	10,000	Two national level consultation workshops (one per country) for line ministries, key development partners and private sector stakeholders @ USD2,000 each; Two local consultation missions in target areas (one per

¹ As presented in AFB/PPRC.33/40 Annex 1.


² The proposal should include a detailed budget with budget notes indicating the break-down of costs at the activity level. It should also include a budget on the Implementing Entity management fee use.

<p>each in Zambia and Malawi including national consultation at Lusaka and Lilongwe) in one consultation mission, a two-week consultative trip will be conducted.</p> <p>Week 1: Zambia</p> <p>1. Districts: Chasefu, Lumezi, Lundazi</p> <p>2. Activities: Spend 2 days in each district gathering first-hand information and data for the concept note through stakeholder meetings, focus-groups discussions, and site visits.</p> <p>Week 2: Malawi</p> <p>1. Districts: Mzimba, Kasungu, Mchinji</p> <p>2. Activities: Spend 2 days in each district gathering first-hand information and data for the concept note through stakeholder meetings, focus-groups discussions, and site visits.</p>			<p>country), executed by the EEs in target areas to consult stakeholders – local authorities, local development actors, local value chain actors, and sample communities @USD 3,000 each</p>
<p>2. Baseline Assessments: Conduct assessments to understand current climate vulnerabilities, socio-economic conditions, and environmental status for further refinement of project design.</p>	<ul style="list-style-type: none"> Baseline assessment report 	10,000	<p>A consultant to carry out the baseline assessment and prepare the findings report.</p>
<p>3. Gender and Social Inclusion Analysis: Conduct analyses to</p>	<ul style="list-style-type: none"> Gender analysis report 	3,273	<p>A short-term gender expert to support technical</p>

ensure the project addresses gender and social inclusion, integrating these aspects into the project design.			working group in conducting gender analysis.
4. Project Design and Planning Workshops: Develop detailed project plans, including objectives, activities, timelines, and budgets to ensure alignment with AF mission and strategic plan, alignment with country priorities and to ensure that all aspects of the project are thoroughly planned and that all stakeholders are aligned and prepared for successful project execution.	<ul style="list-style-type: none"> • AF concept note • Concept note formulation grant request 	4,000	Design and Development of concept note @USD 2,000; Two validation workshops (one per country) @ USD1,000 each.
Total Project Formulation Grant		27,273	
Implementing Entity Fee	<ul style="list-style-type: none"> • IE admin and technical support for project development, monitoring and supervision • Compliance assurance 	2,727	Technical and admin support services.
Grand Total		30,000	

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	Ms. Ganna Onysko Senior GEF, GCF, AF Coordinator Division of Funding Partner Relations Directorate of Global Partnerships and External Relations United Nations Industrial Development Organization - UNIDO Implementing Entity Coordinator	
Signature		Date: 5 February 2025
Project Contact Person	Mr. Fredrick Kongongo +43 1 26026 3663 / f.kongongo@unido.org	
Telephone	+43 1 26026 3708	
E-mail	TO: g.onysko@unido.org CC: gef@unido.org / glo@unido.org / f.haidara@unido.org	

Telephone: 01 789 355
Telefax: 01 789 173
Telex: 44407
Email: seemof@finance.gov.mw



MINISTRY OF FINANCE
AND ECONOMIC AFFAIRS
P.O. BOX 30136
CAPITAL CITY
LILONGWE 3
MALAWI

Ref.No.FIN/DAD/5/2/2/1

5th March, 2025

The Adaptation Fund Board
C/o Adaptation Fund Board Secretariat
Email: Secretariat@Adaptation-Fund.org
Fax: 202 522 3240/5

Dear Sir /Madam,


**ENDORSEMENT FOR THE PROJECT: SUPPORTING RESILIENT
AGRICULTURAL VALUE CHAINS AND LIVELIHOODS OF CLIMATE-
VULNERABLE BORDER COMMUNITIES OF ZAMBIA AND MALAWI**

In my capacity as designated authority for the Adaptation Fund in Malawi, I confirm that the above regional project proposal is in accordance with the government's national priorities in implementing adaptation activities to reduce adverse impacts of, and risks, posed by climate change in Malawi.

Accordingly, I am pleased to endorse the above project proposal with support from the Adaptation Fund. UNIDO (Components 2 & 4) and Development Aid from People to People (DAPP Malawi) (Component 3) are requested to provide Execution Services in addition to serving as Implementing Entity (IE). The proposed intervention aligns with UNIDO's mandate and technical expertise, positioning it to serve as IE and partially act as EE. The innovative ATHs proposed in this project are tools developed and implemented by UNIDO to transform food systems in Africa, making it

the best fit for Executing Entity (EE). DAPP has strong climate action expertise and endorsed to execute Component 3's activities considering its long-standing work in climate-smart agriculture in Malawi. Details of the responsibility for these services, budget, and execution cost will be provided at the proposal stage.

Yours Sincerely,



Robert Mwanamanga
For **SECRETARY TO THE TREASURY**

All communication should be addressed to the:
Permanent Secretary
Telephone: 0211-252395
0211-252394
0211-252391



REPUBLIC OF ZAMBIA

In reply please quote

No.

NDA /71/21/9

MINISTRY OF GREEN ECONOMY AND ENVIRONMENT

OFFICE OF THE PERMANENT SECRETARY

Corner of John Mbita & Nationalist Road
P. O. Box 30147
Lusaka-Zambia

4th March 2025

The Adaptation Fund Board
C/O Adaptation Fund Board Secretariat
1818H Street NW
Washington DC 20433
Email: afbsec@adaptation-fund.org
UNITED STATES OF AMERICA

RE: ENDORSEMENT FOR THE PROJECT "SUPPORTING RESILIENT AGRICULTURAL VALUE CHAINS AND LIVELIHOODS OF CLIMATE VULNERABLE BORDER COMMUNITIES OF ZAMBIA AND MALAWI"

In my capacity as designated authority for the Adaptation Fund in Zambia, I confirm that the above regional project proposal is in accordance with the government's national priorities in implementing adaptation activities to reduce adverse impacts of, and risks, posed by climate change in Zambia.

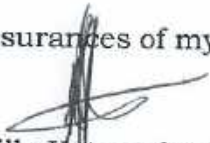
Accordingly, I am pleased to endorse the above project proposal with support from the Adaptation Fund. The United Nations Industrial Development Organization (UNIDO) in addition to serving as Implementing Entity will act as Executing Entity for Component 2 (Strengthen and diversify vulnerable peoples' livelihoods through climate-resilient agro-value chain development) and Component 4 (Advance regional learning and knowledge management (KM) on resilient value chains). This is based on their broad technical expertise in agricultural value chains systems, as demonstrated through their various initiatives such as the Agro-food Value Chain Transformation Hubs (ATHs) focused on transforming food systems in Africa.

In view of the strength in community interventions including its long-standing work in climate-smart agricultural in Zambia, Development Aid from People to People (DAPP Zambia) will execute Component 3 (Farm and community-level interventions on sustainable land, forest, and water management). Component 1 (Establish and strengthen the enabling environment

for the delivery of adaptation services) on the other hand will be facilitated by the National Designated Authority.

Kindly note that further details on the roles, budget and execution cost will be provided at proposal stage.

Please accept the assurances of my highest consideration



Billy Katontoka (Mr.)

National Coordinator

National Designated Authority

For/Permanent Secretary

MINISTRY OF GREEN ECONOMY AND ENVIRONMENT