



ADAPTATION FUND

AFB/PPRC.37/20/Add.1
16 March 2026

Adaptation Fund Board
Project and Programme Review Committee
Thirty seventh Meeting
Bonn, Germany, 7-8 April 2026

Agenda Item 5 (n)

PROJECT FORMULATION GRANT FOR MALAYSIA

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.37/20 “Proposal for Malaysia” includes a request for a Project Formulation Grant, requesting a budget of US\$ 150,000, which was received by the secretariat along with the concept for the project AF00000501 “Strengthening Resilience and Adaptive Capacity by Piloting Nature Based Solutions for Water Management in Malaysia”. This proposal was submitted by UN Development Programme (UNDP), which is a Multilateral Implementing Entity of the Adaptation Fund, in time for consideration by the Adaptation Fund Board at its forty-sixth 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; SESP development; gender assessment; field work, workshops and development of full proposal.

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.



ADAPTATION FUND

ADAPTATION FUND BOARD SECRETARIAT TECHNICAL REVIEW OF PROJECT/PROGRAMME PROPOSAL

PROJECT/PROGRAMME CATEGORY: Regular-sized Project Concept

Countries/Region: Malaysia
Project Title: Strengthening Resilience and Adaptive Capacity by Piloting Nature Based Solutions for Water Management in Malaysia
Thematic Focal Area: Nature Based Solutions, Flood Management
Implementing Entity: United Nations Development Programme Malaysia, Singapore and Brunei Darussalam
Executing Entities: Forest Research Institute Malaysia (FRIM)
AF Project ID: AF00000501
IE Project ID: **Requested Financing from Adaptation Fund (US Dollars):** 10,000,000
Reviewer and contact person: UnaMay Gordon **Co-reviewer(s):** Neranda Maurice-George
IE Contact Person:

Technical Summary	<p>The project “Strengthening Resilience and Adaptive Capacity by Piloting Nature Based Solutions for Water Management in Malaysia” aims to strengthen the climate resilience and adaptive capacity of vulnerable communities and national/sub-national institutions in Malaysia through the integration of evidence-based policy frameworks, the deployment of scalable Nature-Based Solutions for enhanced water security, and targeted capacity building and gender-responsive livelihood empowerment. This will be done through the three components below:</p> <p><u>Component 1:</u> Adaptive Governance and Data for Climate-Informed Decision-Making (USD 1,750,000).</p> <p><u>Component 2:</u> Integrated NbS for Climate Change Adaptation (USD 5,000,000)</p> <p><u>Component 3:</u> Capacity Building, Livelihoods, and Sustainability (USD 1,591,014).</p> <p><u>Requested financing overview:</u> Project/Programme Execution Cost: USD 875,576 Total Project/Programme Cost: USD 9,216,590 Implementing Fee: USD 783,410 Financing Requested: USD 10,000,000</p>
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	<p>The proposal includes a request for a project formulation grant of USD 150,000.</p> <p>The initial technical review raised some issues, such as lack of an initial gender analysis, no Theory of Change narrative, lack of detail about compliance with relevant national technical standards, as is discussed in the number of Clarification Requests (CRs) and Corrective Action Requests (CARs) raised in the review.</p> <p>The second technical review raises some issues, such as misunderstanding between section K and E, the need for clarity on municipality plans and the need for an IF-THEN Statement, as is discussed in the number of Clarification Requests (CRs) and Corrective Action Requests (CARs) raised in the review.</p> <p>The third technical review finds that there are two outstanding CRs/CARs remaining concerning the results framework alignment table as well as the project components and financing table.</p> <p>This fourth technical review finds that all outstanding CRs and CARs have been addressed.</p>
Date:	13 March 2026

Review Criteria	Questions	First Review Technical January 28, 2026	Second Technical Review February 23, 2026	Third Technical Review March 12, 2026	Fourth Technical Review March 13, 2026
Country Eligibility	1. Is the country party to the Kyoto Protocol, and/or the Paris Agreement?	Yes. Kyoto was signed on 12 March 2009 and Paris Agreement on 22 April 2016.	-	-	-
	2. Is the country a developing country particularly vulnerable to the adverse effects of climate change?	Yes. Climate change has heightened the frequency and destructive impact of both sudden-onset disasters and slow-onset events, imposing substantial socioeconomic and environmental losses across Malaysia, including intensified flooding. National projections indicate the average annual temperature will rise by 1.1° - 1.5°C by 2050, with higher increments expected in Sabah and Sarawak.	-	-	-
Project Eligibility	1. Has the designated government authority for the Adaptation Fund endorsed the project/programme?	Yes. As per the Endorsement letter dated 5 January 2026.	-	-	-
	2. Does the length of the proposal amount to no	Yes.		CAR1a (new): Cleared.	-

	<p>more than Fifty pages for the project/programme concept, including its annexes?</p>	<p>The total number of pages of the concept note is 48 pages including annexes.</p> <p>CR1: Please review the Table of Contents as some section titles are not displayed and ensure all tables are numbers to assist with referencing.</p>	<p>CR1: Cleared as table of contents were removed.</p> <p>The total number of pages is acknowledged and it remains within the page limit.</p> <p>CR1a (new): Please note for Stage of Submission, please select “This concept has been submitted before” as this is the second submission and please enter the last submission date on the cover page.</p>	<p>As per the updated stage of submission section on page 1.</p>	
	<p>3. Does the project / programme support concrete adaptation actions to assist the country in addressing adaptive capacity to the adverse effects of climate change and build in climate resilience?</p>	<p>Yes. However, further information is required.</p> <p>The programme contains a set of activities suited for addressing climate change impacts utilising nature-based solutions for water resilience (e.g. “AquaVault” modular floating system) and forest enrichment in upstream watershed and use of urban and peri-urban NbS assets for multicity flood/heat resilience. These</p>	<p>CR2: Partially cleared. The Theory of Change (ToC) provides a strong</p>	<p>CAR1 b (new): At the Project/Programme Components and Financing please ensure that the budget is presented</p>	<p>CAR1 b (new): Cleared. Budget is presented at the output level at pages 12-13 of the tracked changed version of the proposal.</p> <p><u>Please note for future submissions please also include the output in the same grant amount column as the total</u></p>

		<p>are complimented by activities to support building local resilience of the people such as livelihood and economic empowerment. The project/programme activities also align with its overall goal and objectives hence ensuring the cohesion of the components</p> <p>The Theory of Change (ToC) diagram on page 12 outlines how the project will bring about the desired outcomes. However, it does not include the assumptions and risks. The diagram is not complemented with a ToC narrative.</p> <p>The concept includes a justification for selection of the programme site (Pages 7 to 10) and includes a description on how it will address maladaptation on page 24.</p> <p>CR2: Please amend the ToC to include assumptions and risks and provide a ToC narrative.</p>	<p>strategic narrative linking governance strengthening, ecosystem restoration, and community stewardship. However, the causal logic between interventions and intended outcomes is not sufficiently articulated. The current presentation reads as a description of components rather than a clear explanation of how and why change is expected to occur. In particular, the sequential and interdependent relationships between knowledge systems, physical interventions, and institutionalized stewardship are not explicitly expressed in conditional (IF-THEN) terms.</p> <p>Please revise the Theory of Change to explicitly articulate the causal pathways using clear conditional logic (e.g., IF... THEN...</p>	<p>at the output level in the grant amount column as well as maintaining the total for each component.</p> <p>CR2: Cleared. As per the improved Theory of Change section complete with further articulated programme logic on page 9 - 11 of clean version of the proposal.</p>	<p><u>component amount and do not add an additional column.</u></p> <p>-</p>
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		<p>CR3: Please organize each output according to the activities required to achieve it. For every activity, provide details such as the stakeholders involved and the number of beneficiaries, including gender-disaggregated data. Additionally, include specific targets for each output.</p> <p>CR4: Please ensure that the outcomes in Part II A are the same as the ones in the table “Project/Programme Components and Financing”. In addition, ensure alignment with the ones included in the Table in Part III.A.</p> <p>CR5: Please revise all Outputs, bearing in mind that outputs should represent direct and tangible deliverables. For instance, Output 1.2, “<i>National Climate Vulnerability Atlas developed and institutionalised,</i>” describes an outcome rather than an output.</p>	<p>LEADING TO...). The revised ToC should:</p> <ul style="list-style-type: none"> • Clarify how Component 1 (climate intelligence systems) directly enables more effective targeting and scaling of Component 2 (EbA/NbS interventions); • Explain how Component 3 (community workforce and women-prioritized supply chains) ensures long-term sustainability and maintenance of ecosystem assets; • Demonstrate how the integration of governance, ecological restoration, and community stewardship 		
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			<p>collectively leads to scalable, landscape-based climate resilience;</p> <ul style="list-style-type: none"> • Explicitly state the key assumptions underpinning each causal link. <p>At concept stage, a high-level articulation is sufficient; however, the causal relationships between outputs, outcomes, and long-term resilience must be clearly and logically presented.</p> <p>CR3: Cleared as per tables on pages 13-23</p> <p>CR4: Cleared as per revisions to pages 14-31</p> <p>CR5: Partially Cleared as it appears components and Outcomes are used interchangeably. Please revise the component descriptions</p>		
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			<p>to clearly distinguish between:</p> <ul style="list-style-type: none"> • Component (set of outputs and activities), • Outcome (the intended behavioral, institutional, ecological, or governance change resulting from those outputs), • Project Objective (overall adaptation impact). <p>Specifically:</p> <ol style="list-style-type: none"> 1. Clearly articulate the Outcome statement for each component in the narrative (not only as a component “objective”), ensuring that the outcomes reflect measurable change (e.g., institutions 	<p>CR5: Cleared. Based on amendments made to Part II section A pages 12- 21 and in the Results framework alignment table pages 45 and 46 of clean version of the proposal.</p>	
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			<p>applying climate intelligence in planning; ecosystems delivering restored hydrological functions; communities sustaining NbS assets through formalized governance and livelihoods).</p> <ol style="list-style-type: none"> 2. Ensure consistency between the narrative outcomes and the Results Framework. 3. Clarify how each component-level outcome contributes to the overall Project Objective of strengthened long-term climate resilience. 4. Avoid describing outputs (e.g., systems 		
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			delivered, tools developed, training conducted) as outcomes.		
	4. Does the project / programme provide economic, social and environmental benefits, particularly to vulnerable communities, including gender considerations, while avoiding or mitigating negative impacts, in compliance with the Environmental and Social Policy and Gender Policy of the Fund?	<p>Yes. However, further information is required. As per Part II, Section B, (pages 24-25), the concept note provides environmental, economic and social benefits to communities – though largely descriptive and some estimated benefits are quantified. Further evidence of targets can be found from pages 22-23. The project identifies the beneficiaries, including indigenous persons (Orang Asli Temuan Indigenous Peoples'), women and provides an estimated number of beneficiaries under each project component particularly from pages 22-23. Benefits for marginalised and vulnerable groups are clearly articulated, with indigenous communities clearly referenced in relation to water security and fire risk reduction.</p>		-	-

		<p>Although a robust gender assessment will be conducted during the project preparation, there are no explicit reference to findings of an initial gender analysis. The PFG also includes an allocation for a Gender Analysis but does not refer to the development of a Gender Action Plan.</p> <p>CR6: Please make explicit reference to the number of project beneficiaries (direct and indirect) and targets in Section B Economic, Social and Environmental Benefits. Kindly ensure the data is disaggregated by gender, and identify the specific vulnerable groups (e.g., women, Indigenous peoples) who will benefit from the project.</p> <p>CAR1: Despite the PFG request will allow for a full gender assessment to be conducted, an initial gender analysis should be provided at the concept note stage. This initial gender analysis, which may be qualitative and high-level data which could be based on desktop</p>	<p>CR6: Cleared as per pages 34-35, where beneficiaries (disaggregated by gender) are quantified and methodology and data sources for calculating beneficiaries have been identified.</p> <p>CAR1: Cleared as per pages 23-24, an Initial Gender Analysis has been included.</p> <p>CR7: Cleared as per page 25 of the proposal specifies that a Gender Action Plan will be developed. Please ensure this is also explicitly stated in the PFG.</p> <p>CAR2: Cleared as per Table on page 25</p>		

		<p>research. Please include with re-submission.</p> <p>CR7: Kindly confirm if the PFG is expected to support the Gender Action Plan or if it will be developed internally.</p> <p>CAR2: Please provide quantitative estimates of the economic, social, and environmental benefits, accompanied by a brief explanation of the methodology used to calculate them. If precise figures are not available, please include proxy estimates.</p>			
	5. Is the project / programme cost effective?	<p>Yes.</p> <p>As per Part II, Section C pages 25-26. The proposal provides some logical explanation of the selected scope and approach, with some analysis of alternatives on page 26. A cost-benefit analysis will be undertaken during the preparation of the full proposal.</p>	-	-	-

	<p>6. Is the project / programme consistent with national or sub-national sustainable development strategies, national or sub-national development plans, poverty reduction strategies, national communications and adaptation programs of action and other relevant instruments?</p>	<p>Yes. However, further information is required.</p> <p>As per Part II, Section D (pages 27-29), the concept note clearly references relevant national strategies and plans (National Climate Change Policy 2.0, NDC 3.0 and Thirteenth Malaysia Plan (13MP, 2026–2030) and explains how the proposed project would respond to these frameworks. Notably Malaysia is currently developing its first NAP “National Adaptation Plan (MyNAP 2026–2035)” expected to be finalized in 2026.</p> <p>CR8: Please ensure the dates for all policy documents are included, more specifically the National Climate Change Policy 2.0 (NCCP 2.0).</p>	<p>CR8: Not cleared. A google search indicates that Selangor, Kedah, and Kuala Lumpur are integrating livelihood improvements with climate resilience through state-specific plans focused on sustainable urbanization, green energy, and, in agricultural areas, climate-smart practices. Key initiatives include Selangor’s Smart Action Plan 2025, KL’s</p>	<p>CR8: Cleared. As per amendment to Part II Section D pages 28- 30 of clean version of the proposal.</p>	<p>-</p>
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			2050 Net-Zero Carbon Roadmap, and Kedah's focus on agricultural sustainability. Clarify, to the extent relevant alignment with these State Plans.		
	7. Does the project / programme meet the relevant national technical standards, where applicable, in compliance with the Environmental and Social Policy of the Fund?	<p>No. No reference is made to compliance with relevant national technical standards and the Environmental and Social Policy of the Adaptation Fund.</p> <p>CAR3: Please identify the relevant national technical standards and compliance in a logical manner. These include Environmental Impact Assessments (EIAs), building codes, water quality regulations, and any other sector-specific regulations such as MS ISO 14001:2015/Amd 1:2024. Be sure to briefly include the procedures and the competent authorities.</p> <p>Kindly include a table listing with this information. For <u>each identified standard</u>, please include the following information:</p>	<p>CAR3: Not cleared The proposal includes the technical standards or regulation, including the scope, relevance, related output, compliance steps and the competent authority. However Please note Section E is "Describe how the project/programme meets relevant national technical standards". Please label accordingly and ensure. Much of the details listed in narrative under Section E should be included in Section K "Provide an overview of the environmental and</p>	<p>CAR3: Cleared. As per amendment with Part II Section E and Part II Section K pages 30-31 and page 41-44 or the clean version of the proposal.</p>	-

		<p>(i) The scope and relevance should be described specifically.</p> <p>(ii) How it relates to the proposed project, clearly identifying the outputs/activities that will require compliance with the identified standard.</p> <p>(iii) The project's compliance status. In the case that compliance is required, please include the <u>steps needed</u> to comply with it.</p>	social impacts and risks identified as being relevant to the project or programme.”		
	8. Is there duplication of project / programme with other funding sources?	<p>No. The concept identifies projects/programmes that are complementary to the initiatives. The concept clearly articulates the direct synergy and areas for enhancement and scaling up. However, there are other NbS projects that may be relevant to the initiative such as “Nature-based</p>		<p>CR9: Cleared. As per updated table on pages 31-33.</p>	-

		<p>climate adaptation programme for the urban areas of Penang Island” funded by Adaptation Fund, which would have developed a knowledge transfer platform.</p> <p>CR9: Please consider other Adaptation Fund projects as there may be lessons learned from earlier initiatives that can support the project design.</p> <p>CR10: Kindly include in the table all projects that are or have been implemented in Malaysia and are related to the proposed project. Please ensure the following structure for <u>each</u>:</p> <ul style="list-style-type: none"> (i) Project title, Timeline and specific Location within the country, (ii) Main project interventions, and Target population, (iii) Implementing entity, (iv) Lessons learned 	<p>CR9: Partially cleared as in most cases the lessons learned logically justifies the proposed intervention and supports synergy. However, there is some disconnect. For example, the lesson “grey infrastructure has high maintenance and limited ecological value”. Please clearly articulate the vulnerability lesson that the project will address.</p> <p>CR10: Cleared as per Table on page 33.</p>		
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		<p>(v) Overlaps and synergies with the proposed project.</p> <p>The no-duplication statement should be clearly justified for each related project identified, for example by specifying the distinct geographic areas and/or the different types of interventions involved.</p> <p>CAR4: Please include any relevant regional projects if they exist.</p>	<p>CAR4: Cleared as per Table on page 34 (last row).</p>		
	<p>9. Does the project / programme have a learning and knowledge management component to capture and feedback lessons?</p>	<p>Yes. However, further information is required.</p> <p>As per Part II, Section G (pages 32-33), the concept note has embedded learning and knowledge management across project components, primarily in Component 3 where it will establish a National Climate Knowledge Portal and long-term data sharing agreements will be established with key entities, ensuring the portal is continuously updated and officially recognized as a</p>		<p>CR11 a(new): Cleared. Based on clarification included at section G of part 2 on page 34 of the clean version of the proposal.</p>	<p>-</p>

		<p>central climate intelligence resource. The KM strategy will focus on targeted dissemination of knowledge and lessons learned and experiences gained will be analysed periodically through annual reports.</p> <p>CR11: Please clarify the following:</p> <ul style="list-style-type: none"> • Is there any intention to disseminate lessons learned, among others, beyond the national level? • Who will be responsible for tracking the experiences gained? • How the knowledge generated will be sustained after the project concludes and what arrangements are needed to support these actions. 	<p>CR11: Cleared as per page 35. The proposal outlines global dissemination and identifies the PMU Manager as the lead for tracking experiences. The NRES will assume long-term ownership including budgeting to support the knowledge portal.</p> <p>CR11a (new): Re: CR11, please clarify why this is a role of the manager and not delegated to M&E or Knowledge Management Officer(s)</p>		
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	<p>10. Has a consultative process taken place, and has it involved all key stakeholders, and vulnerable groups, including gender considerations in compliance with the Environmental and Social Policy and Gender Policy of the Fund?</p>	<p>Yes. However, further information is required. As per Part II, Section H (pages 33-35), several consultations were held with various stakeholders to inform the concept note, though none of these included the national gender machinery or those with gender remit. Additionally, most of the consultations were at national or local government level. Consultations are planned with marginalised and vulnerable groups in the project preparation phase. A gender assessment will be conducted under the Project Formulation Grant and page 35 highlights proposed consultations including those with vulnerable and marginalised group (women, youth and indigenous people).</p> <p>CAR5: Please clarify the timeframe in which these consultations took place in the table on page 33.</p>	<p>CAR5: Cleared as per table "Summary of stakeholder consultations"</p> <p>CAR6: Cleared as per page 37 which specifies further consultation with Ministry of Women, Family and Community Development (KPWKM)</p>	-	
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	<p>CAR6: Please ensure that vulnerable or marginalised groups are consulted and aware of the proposed interventions, so their interests or concerns taken into account from inception and when designing the proposal. List of participants in the stakeholder consultations should be disaggregated by gender.</p> <p>CAR7: Kindly ensure the following detailed information is part of Table in Part II.H:</p> <ol style="list-style-type: none"> 1. The total number of attendees, disaggregated by sex, with background information to verify whether marginalized and vulnerable groups have been consulted. 2. A summary of the subjects/issues discussed and any agreements reached. 3. Indicate how their interests have been incorporated, including 	<p>CAR7: Cleared. as table on pages 50-52 which has been updated to provide disaggregated data, issues discussed and outcomes/incorporation of interest</p>		
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		how gender and other vulnerable group considerations were addressed.			
	11. Is the requested financing justified on the basis of full cost of adaptation reasoning?	Yes. As per Part II, Section I (pages 35-37), the requested AF funding covers the full cost of adaptation.	-	-	-
	12. Is the project / program aligned with AF's results framework?	Yes. However, further information is required. As per Part III, Section A (pages 41-42) the indicator 2.3 Percentage reduction in flood damage costs [...] is more impact related as it reflects what the strengthening of risk-reducing systems could do. There is no AF output that relates to economic loss reduction. This indicator could also be aligned to AF's Output 1.2: Targeted population groups covered by adequate risk reduction systems or Output 4: Vulnerable development sector services and infrastructure assets strengthened in response to		CAR9: Not cleared. The upper part of the table identifies Outcomes (5, 8) which are not matched by outputs in the bottom part (contains outputs for 3, 4, 2, 6) of the table and vici versa. Please rectify.	CAR9:Cleared. As per updated alignment table at pages 72-73 of tracked changed version of the proposal.

		<p>climate change impacts, including variability.</p> <p>CAR8: Please include a narrative on the project’s alignment with Strategic Results Framework outcomes at Part II Section B</p> <p>CR12: and ensure all of the project’s outputs and outcomes indicators are SMART.</p> <p>CR13: Please clarify which output 2.3: Percentage reduction in flood damage costs and stabilization of downstream water supply through enhanced natural buffering in adjacent areas is linked to.</p> <p>CAR9: Please review numbering of Outputs and Indicators to ensure that they are aligned with Adaptation Fund revised strategic results framework. Update the table using the format provided in the updated AF Results Framework (Nov 2025),</p>	<p>CAR8: Cleared as per page 21 which outlines how the project contributes to AF Strategic Results Framework, particularly Outcome 5 and 8.</p> <p>CR12: Cleared as per pages 12-24. All outputs and outcome indicators are SMART.</p> <p>CR13: Cleared as this has been corrected to reflect “Indicator 4.1.2: No. of physical assets strengthened or constructed to withstand conditions resulting from climate variability and change” – more specifically physical urban NbS infrastructure assets</p> <p>CAR9: Not cleared. Please note the total objective level grant amount and the outcome level grant amounts are missing. Please refer to framework. Once</p>		

		and complete it following the instructions in the same document.	adjusted, this can be cleared.		
	13. Has the sustainability of the project/programme outcomes been taken into account when designing the project?	<p>Yes.</p> <p>However, further information is required.</p> <p>As per Part II Section J (pages 37-38), the concept presents a comprehensive and well-structured sustainability narrative addressing all key areas of sustainability including but not limited to economic, social, environmental, institutional, and financial. It also demonstrates clear intent to ensure that the project benefits extend beyond the implementation period. However, there are no details as to how operations, maintenance and replacement costs will be financed under the project, whether government budget or user fees etc nor how Locally Led Adaptation (LLA) Co-Management Bodies and Eco-Warden teams will be supported. Please note sustainability should move beyond capacity building/training. It is not</p>		-	-

		<p>entirely clear who will take ownership of these outputs to ensure continuity.</p> <p>CAR10: Please note sustainability should move beyond capacity building. Please consider if any mechanism will be in place to ensure training and tools will remain in use over time and through which entity.</p> <p>CR14: Please clarify how Locally Led Adaptation (LLA) Co-Management Bodies and Eco-Warden teams will be maintained in the long-term.</p> <p>CAR11: Kindly indicate the arrangements, such as financial, social, regulatory, institutional, economic, and environmental measures required to guarantee the project's sustainability and long-term maintenance.</p>	<p>CAR10: Cleared as per page 41, the Forest Research Institute Malaysia (FRIM)'s and the National Water Research Institute of Malaysia (NAHRIM)'s permanent research infrastructure and core budget will support ownership and sustainability.</p> <p>CR14: Cleared as part of Social and Technical sustainability, Locally Led Adaptation (LLA) bodies will be registered as legal Community-Based Organizations to enable formal co-management contracts.</p> <p>CAR11: Cleared as noted in CAR10 and CR14, and also as per page 42 - securing commitments from target Municipal Councils (e.g., MPKP, MBPJ) to integrate maintenance protocols into their Standard Operating Procedures (SOPs) and implementing</p>		
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			community-managed "Water Stewardship Fees" for decentralized assets.		
	14. Does the project / programme provide an overview of environmental and social impacts / risks identified, in compliance with the Environmental and Social Policy and Gender Policy of the Fund?	<p>Yes.</p> <p>However, further information is required.</p> <p>As per Part II, Section K (pages 39-40), the concept identified potential environmental and social impacts and risks against the 15 ESP principles. However, it does not elaborate on gender-specific cultural/legal context. The concept note classifies the project as category B. The checklist on environmental and social impacts and risks and mitigation measures with the risk rating for each principle is completed. However, the screening process does not articulate that it covers all potential direct, indirect, transboundary, and cumulative impacts and risks that could result from the proposed project/programme.</p> <p>CAR12: Please provide an initial gender assessment</p>	<p>CAR12: Cleared as per pages 23-24 "Initial Gender Analysis" highlighting socio-economic context and gender baseline for Malaysia, site-specific vulnerabilities and integrated livelihoods</p>	-	-

		<p>qualitative and quantitative data for gender roles, activities, needs, and available opportunities and challenges or risks for men and women. Also note CAR1.</p> <p>CR15: Please confirm that the screening process covers all potential direct, indirect, transboundary, and cumulative impacts and risks that could result from the proposed project/programme. In addition, please ensure the following in the Table:</p> <ul style="list-style-type: none"> Identify the magnitude of the risks and impacts. Risk should describe as: "<i>There is a risk</i>" and should be accompanied by mitigation plans. Kindly leave a check mark in the second column 'No further assessment required for 	<p>and capacity building strategy is defined.</p> <p>CR15: Partially Cleared as per Table on pages 43 and 44. The risk magnitude has been identified. Note Lands and Soil Conservation indicate no further assessment required but the rating details are missing (ie indicating the reason for no risk).</p> <p>CAR13: Cleared as per table on pages 43-44.</p>	<p>CR15: Cleared. As per updated risk table with inclusion of risk rating for land and soils on page 44 of the clean version of the proposal.</p>	
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		<p>compliance' if no further assessment and leave blank if an assessment is to be conducted. No text should be included in the second column.</p> <p>CAR13: Please note for the checklist that Adaptation Fund Principles 1, 4 and 6 always apply. For more information, please visit: AF's ESP guidance and Environmental and Social Policy.</p>			
Resource Availability	1. Is the requested project / programme funding within the cap of the country?	Yes.	-	-	-
	2. Is the Implementing Entity Management Fee at or below 8.5 per cent of the total project/programme budget before the fee?	<p>Yes.</p> <p>As per information in Table "Project/Programme Components and Financing" and PFG Form.</p> <p>All figures are rounded to whole numbers, and the Implementing Entity Management Fee is 8.5% (USD 783,410). The figures add up across the tables</p>		-	-

		<p>alongside the CN. The PFG request is correct in size (USD 150,000), including the PFG fee for the Implementing Entity's Management of 8.5% (USD 12,750).</p> <p>CAR14: Please confirm if Forest Research Institute Malaysia (FRIM) will also execute the PFG.</p>	<p>CAR14: Cleared as per PFG form. UNDP will be the Implementing Entity and FRIM will be the Executing Entity.</p>		
	<p>3. Are the Project/Programme Execution Costs at or below 9.5 per cent of the total project/programme budget (including the fee)?</p>	<p>Yes. However, some amendments are required.</p> <p>The Project Execution Costs are 9.5%. The figures are added to the component table. However, there may be discrepancy in the Table on page 41 (Part II: Section A Programme alignment with the Results Framework of the Adaptation Fund, where Component 1 is valued at USD 2,000,000 vs USD 1,750,000 in the Components Table.</p> <p>CR16: Please clarify the amount (USD) for</p>	<p>CR16: Cleared as the amount was verified as USD1,750,000</p>	-	-

		Component, and therefore, for Outcome 1, as each component has only one outcome.			
Eligibility of IE	1. Is the project/programme submitted through an eligible Implementing Entity that has been accredited by the Board?	<p>Yes. United Nations Development Programme Malaysia, Singapore and Brunei Darussalam is an accredited Implementing Entity.</p> <p>The Implementing Entity's accreditation expiration date is 11 October 2029.</p>	-	-	-
Implementation Arrangements	1. Is there adequate arrangement for project / programme management, in compliance with the Gender Policy of the Fund?	n/a at concept stage			
	2. Are there measures for financial and project/programme risk management?	n/a at concept stage			
	3. Are there measures in place for the management of for environmental and social	n/a at concept stage			

	risks, in line with the Environmental and Social Policy and Gender Policy of the Fund?				
	4. Is a budget on the Implementing Entity Management Fee use included?	n/a at concept stage			
	5. Is an explanation and a breakdown of the execution costs included?	n/a at concept stage			
	6. Is a detailed budget including budget notes included?	n/a at concept stage			
	7. Are arrangements for monitoring and evaluation clearly defined, including budgeted M&E plans and sex-disaggregated data, targets and indicators, in compliance with the Gender Policy of the Fund?	n/a at concept stage			
	8. Does the M&E Framework include a break-down of how implementing entity IE fees will be utilized in the supervision of the M&E function?	n/a at concept stage			
	9. Does the project/programme's results framework align with the AF's results	n/a at concept stage			

	framework? Does it include at least one core outcome indicator from the Fund's results framework?				
	10. Is a disbursement schedule with time-bound milestones included?	n/a at concept stage			

PART IV. ENDORSEMENT BY GOVERNMENT AND CERTIFICATION BY THE _____IMPLEMENTING ENTITY

A. Record of endorsement on behalf of the government²

Provide the name and position of the government official and indicate the date of endorsement. If this is a regional project/programme, list the endorsing officials of all the participating countries. The endorsement letter(s) should be attached as an annex to the project/programme proposal. Please attach the endorsement letter(s) with this template; add as many participating governments if a regional project/programme:

<p>DATUK NOR YAHATI AWANG Deputy Secretary General (Environmental Sustainability) Ministry of Natural Resources and Environmental Sustainability Malaysia</p>	<p>Date: 5 January 2026</p>
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B. Implementing Entity certification Provide the name and signature of the Implementing Entity Coordinator and the date of signature. Provide also the Programme contact person's name, telephone number and email address

<p>I certify that this proposal has been prepared in accordance with guidelines provided by the Adaptation Fund Board, and prevailing National Development and Adaptation Plans (Nationally Determined Contribution 3.0, National Climate Change Policy 2.0 and the Thirteenth Malaysia Plan) and subject to the approval by the Adaptation Fund Board, <u>commit to implementing the project/programme in compliance with the Environmental and Social Policy and the Gender Policy of the Adaptation Fund</u> and on the understanding that the Implementing Entity will be fully (legally and financially) responsible for the implementation of this project/programme.</p>	
<p><i>Name & Signature Implementing Entity Coordinator</i></p> <p>Nancy Bennet Executive Coordinator, Vertical Fund Programme Support, Oversight and Compliance Hub Bureau for Policy and Programme Support United Nations Development Programme</p>	
<p>Date: 5 January-February 313 -March 2026</p>	<p>Tel. and email: nancy.bennet@undp.org</p>
<p>Project Contact Person: Aishath Azza, Regional Technical Specialist</p>	
<p>Tel. and Email: aishath.azza@undp.org</p>	



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Ref: NRES.700-4/4/5 () (S)
Date: 5 January 2026

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

Dear Sir,

**ENDORSEMENT FOR STRENGTHENING RESILIENCE AND ADAPTIVE CAPACITY
BY PILOTING NATURE BASED SOLUTIONS FOR WATER MANAGEMENT IN
MALAYSIA**

In my capacity as designated authority for the Adaptation Fund in Malaysia, I confirm that the above proposed regional project/ programme aligns with Malaysia's national priorities in implementing adaptation activities to reduce adverse impacts of, and risks, posed by climate change in Malaysia.

2. Accordingly, I am pleased to endorse the above project/programme proposal with support from the Adaptation Fund. If approved, the project/programme will be implemented by United Nations Development Programme (UNDP) Malaysia, Singapore and Brunei Darussalam with the Forest Research Institute Malaysia (FRIM) as the national executing entity.
3. This endorsement is subject to the following conditions:
 - (i) All project-related data are the property of the Government of Malaysia;
 - (ii) Data security must comply with the Government's data classification requirements, including mandatory verification and approval processes prior to any use;

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NRES.700-4/4/5 () (S)

- (iii) The proposed project sites will be identified and mutually agreed upon during the consultation process; and
- (iv) for the avoidance of doubt, this endorsement does not create any obligation on the part of the Government of Malaysia with respect to legal or financial actions.

Sincerely,



(DATUK NOR YAHATI BINTI AWANG)
Designated Authority of Adaptation Fund
Deputy Secretary General (Environmental Sustainability)
Ministry of Natural Resources and Environmental Sustainability
Malaysia



Revised PFG Submission Form¹ (additions in red)

Project Formulation Grant (PFG)

Submission Date:

Adaptation Fund Project ID:

Country: Malaysia

Title of Project/Programme: Strengthening Resilience and Adaptive Capacity by Piloting Nature Based Solutions for Water Management in Malaysia

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

Implementing Entity: UNDP

Executing Entity/ies: Forest Research Institute Malaysia (FRIM)

A. Project Preparation Timeframe

Start date of PFG	May 2026
Completion date of PFG	Dec 2026

B. Proposed Project Preparation Activities (\$)

List of Proposed Project Preparation Activities	Output of the PFG Activities	US\$ Amount	Budget note²
1. International Consultants.	Project Proposal Project SESP plan Gender Assessment Review of construction and engineering activities	91,500	Consultancy contracts for: <ul style="list-style-type: none"> ● Lead technical drafter of Full Proposal include facilitation of onsite workshop(s). ● Expert to support Social and Environmental Screening Procedure (SESP) development ● Expert to develop gender assessment ● Experts to review and provide advice on

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.

			construction and engineering components.
2. Travel to sites for workshops and other field visits	Travel	13,725	Travel to sites for workshops and other field visits
3. Printing and other material to support consultation workshops.	Workshop materials	2,745	Printing and other material to support consultation workshops.
4. Miscellaneous costs (sundry expenses)		1,830	Miscellaneous costs (sundry expenses)
5. Consultation and workshops with stakeholders at project sites to enable and ensure participatory approach to project development.	Workshops	27450	Consultation workshops at project sites
Implementing Entity's Management Fee (Maximum of 8.5%)		12,750	
Total Project Formulation Grant		150,000	

1. Expert consultants:

- a. Consultant to assist in technical drafting of Full Proposal include onsite workshop

An international expert will support the technical development of the full project proposal and related documents, including a visit to Malaysia to conduct site assessments and participate in project workshops with local communities and relevant stakeholders.

This expertise is required to ensure the project is designed to have the greatest impact and is aligned with the objectives of the Adaptation Fund.

- b. Expert to support SESP development

International expert to perform activities to assess risks and undertake (SESP) screening process.

An international expert is proposed to bring world class expertise and oversight of SESP development. Interventions on this project are potentially high risk, so extensive planning and mitigation strategies are required.

- c. Expert to develop gender assessment

This project has significant gendered impact. This assessment will ensure we have assessed the key gender issues and ensure project programming has a significant gender impact.

- d. Experts to review and provide advice on construction and engineering components.

Project components involve civil works and engineering interventions. Expertise will be procured to provide technical review of the project proposal and recommendations for project implementation.

- 2. Travel to sites for workshops and other field visits

Project sites are in Kedah and Selangor. A travel budget is allocated for FRIM, UNDP and relevant experts to travel to project sites for consultation and site assessments.

- 3. Printing and other material to support consultation workshops.

Small printing budget for materials to support workshops.

- 4. Miscellaneous costs for currency exchange and sundry expenses

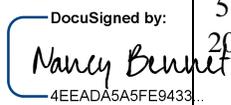
Small miscellaneous to account for currency exchange and other small expenses.

- 5. Consultation and workshops with stakeholders at project sight to enable and ensure participatory approach to project development.

For consultation and workshops to ensure a participatory approach to project planning and local buy in for implementation. Budget will support venue hire and event management services.

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
Nancy Bennet	 4EEAD5A5FE9433	5 January 2026	Aishath Azza		Aishath.azza@undp.org