



ADAPTATION FUND

AFB/PPRC.37/33/Add.1
April 7-8, 2026

Adaptation Fund Board
Project and Programme Review Committee
Thirty-seventh meeting
Bonn, Germany

Agenda Item 7 b)

PROJECT FORMULATION GRANT FOR LLA SINGLE COUNTRY PROPOSAL FOR COSTA RICA (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. At its forty-second meeting the Board approved modifications to project formulation grants contained in document AFB/PPRC.33/40. Having considered the recommendation of the Project and Programme Review Committee, the Adaptation Fund Board decided:

- a) *That project formulation grants (PFGs) be made available for projects submitted through national, regional and multilateral implementing entities;*
- b) *That the maximum size of the PFG for single country projects for all windows, inclusive of the management fee, be set as follows:*
 - (i) For projects below US\$ 2,000,000, the limit is set at US\$ 50,000;*
 - (ii) For projects at or above US\$ 2,000,000 and below US\$ 5,000,000, the limit is set at US\$ 100,000;*
 - (iii) For projects at or above US\$ 5,000,000, the limit is set at US\$ 150,000;*
- c) *That an additional PFG amount (inclusive of the management fee) can be provided on a case-by-case basis for locally-led adaptation projects up to a maximum of US\$ 100,000, and that such amount should be dedicated to support activities that enable decision-making by local actors over how adaptation actions are defined, prioritized, designed and implemented;*
- d) *That the maximum size of the PFG for all regional projects, inclusive of the management fee, is set as follows:*
 - (i) For regional projects of US\$ 5,000,000 and above, and with less than three countries, the limit is set at US\$ 150,000;*
 - (ii) That this limit increase by US\$ 15,000 for each additional country involved, up to a maximum of US\$ 250,000;*
- e) *That requests for a PFG should be made at the same time as the submission of a project concept or pre-concept to the secretariat using the revised PFG form in annex I to document AFB/PPRC.33/40;*

- f) *That, for a PFG at the pre-concept stage, up to 20 percent of the maximum amount of the PFG set in out in subparagraphs (b), (c) and (d) above could be granted;*
- g) *That only activities that support project preparation and formulation would be eligible for PFG funding, as per paragraph 32 of document AFB/PPRC.33/40.*

(Decision B.42/37)

II. The Project Formulation Grant Request

8. This addendum to the document, AFB/PPRC.37/33 “LLA Single Country Proposal for Costa Rica (1)” 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 note proposal for the project AF00000445 “*Empowering Communities to Lead Ecosystem-Based Adaptation for Water Security in the Reventazón Basin of Costa Rica*”. This proposal was submitted by Fundecooperación para el Desarrollo Sostenible, which is a National Implementing Entity of the Adaptation Fund, in time for consideration by the Adaptation Fund Board at its forty-sixth 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. The \$150,000 Project Formulation Grant (PFG) will support technical and feasibility studies, environmental and social risk assessments, legal analyses, and full proposal preparation. It will also support inclusive stakeholder engagement, gender and social inclusion analysis, community-led planning and validation, and the finalisation of safeguards, translation, and communication materials

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



Revised PFG Submission Form¹ (additions in red)

Project Formulation Grant (PFG)

Submission Date:

Adaptation Fund Project ID:

Country/ies: Costa Rica

Title of Project/Programme: Empowering Communities to Lead Ecosystem-Based Adaptation for Water Security in the Reventazón Basin of Costa Rica

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

Implementing Entity: Fundecooperación para el Desarrollo Sostenible

Executing Entity of this PFG : Fundecooperación Para el Desarrollo Sostenible

Executing Entity/ies for the Project to be developed: The Tropical Agricultural Research and Higher Education Center (CATIE) and Comisión para el Manejo de la Cuenca del río Reventazón (COMCURE)

A. Project Preparation Timeframe

Start date of PFG	April 2026
Completion date of PFG	Feb 2027

B. Proposed Project Preparation Activities (\$)

List of Proposed Project Preparation Activities	Output of the PFG Activities	US\$ Amount	Budget note²
Environmental and Social Risk Assessments and Safeguards	Environmental and social impact assessment report with identified risks, mitigation measures, safeguards, and develop proper tools for project implementation	17 950	Assess risks and opportunities.
Engineering and Feasibility Studies	Detailed engineering designs, tools, guidelines	17 500	Analyze technical feasibility of proposed measures.
Stakeholder Engagement and FPIC (Free, Prior and Informed Consent)	Consultation reports and stakeholder agreements	12 000	Ensure communities are informed and involved.

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.

List of Proposed Project Preparation Activities	Output of the PFG Activities	US\$ Amount	Budget note²
Gender and Social Inclusion Analysis	Gender mainstreaming and inclusion strategy	11 000	Support inclusive project design.
Legal Compliance Analysis	Regulatory compliance report	10 000	Support SETENA and other permits.
Participatory Workshops and Capacity Building	Reports and materials from validation workshops	15 000	Support community engagement.
Technical Staff and Consultants	Technical inputs for project formulation	17 500	Staff and consultant costs.
Full Proposal Preparation	Draft full proposal with annexes	15 000	Includes logframe, budget, M+E, and safeguards.
Validation with Communities	Final validation report	12 300	Integrate final feedback.
Communication Materials	Brochures, infographics, outreach products	4 000	Support knowledge sharing.
Translation and Editing	Translated and edited deliverables	2 000	For submission-ready documents.
Audit and Financial Reporting	Audit report and financial statements	4 000	Comply with reporting requirements.
Implementing Entity Management Fee (8.5% cap)	Administrative and coordination oversight	11 750	8,5% of project cost. Management fees for administrative cost, procurement costs, financial accountability
Total Project Formulation Grant		150 000	

Please describe below each of the PFG activities and provide justifications for their need and for the amount of funding required:

1. Environmental and Social Risk Assessments and Safeguards – USD 17,950. This activity is essential to identify, prevent, and mitigate environmental and social risks of the proposed EbA measures and USP, ensuring full compliance with Costa Rica’s environmental legislation, particularly the requirements of SETENA. It will include field visits, community consultations, screening of potential risks and co-benefits, and the integration of climate risk data. The ESIA will support safeguards screening and inform the proposal’s risk management strategy. It will develop ES&GMP and adapted tools and guidelines for assessing ES&GP for USP, to be used during project implementation.

2. Engineering and Technical Feasibility Studies – USD 17,500. To ensure the selected EbA measures (e.g., terraces, water infiltration infrastructure, native forest restoration) are technically sound, cost-effective, and context-specific, technical designs and feasibility assessments will be prepared. This includes hydrological modeling, topographic surveys, and analysis of soil, erosion risk, and slope stability, especially in vulnerable areas. These studies are key for accurate costing, baseline analysis and climate rationale.

3. Stakeholder Engagement and FPIC – USD 12,000

Robust engagement processes will ensure the full participation of local actors—community committees, farmers, municipalities—through meetings, focus groups, and validation events. The process will apply FPIC (Free, Prior, and Informed Consent) principles to ensure that no measure is implemented without broad-based agreement and local ownership. Costs include facilitation, translation, and materials for workshops across sub-basins.

3. Gender and Social Inclusion Analysis – USD 11,000. This activity ensures that the project addresses the specific vulnerabilities and adaptation capacities of women, youth, elderly, and marginalized groups. It will produce a gender action plan aligned with Adaptation Fund policies and Costa Rica’s national gender strategies in environment and climate change. This includes consultations and disaggregated analysis of vulnerabilities.

5. Legal and Institutional Framework Review – USD 10,000. A thorough legal analysis will assess the permitting requirements (e.g., SETENA processes, water use rights) and land tenure status in the implementation areas. It will identify institutional responsibilities and potential regulatory barriers. This ensures all EbA interventions are legally compliant and institutionally viable from the outset.

6. Community-led Participatory Planning – USD 15,000. Workshops and territorial planning sessions will be held to co-design the project strategy, prioritize EbA actions, and validate the theory of change. This ensures the project reflects community-driven priorities and builds on COMCURE's basin planning efforts and validates LLA approach/design. Costs include logistics, materials, and facilitation across different localities and sub-watersheds.

7. Technical Team and Consultants – USD 17,500. Specialized consultants (e.g., ecosystem-based adaptation, climate modeling, watershed engineering, safeguard experts) will be engaged to deliver technical studies, guide participatory planning, and ensure compliance with AF standards. This ensures high technical quality, integration of best practices, and proper documentation for the full proposal, including baseline.

8. Full Proposal Preparation (incl. safeguards & annexes) – USD 15,000. This activity includes the drafting and revision of the full proposal, results framework, monitoring and evaluation (M&E) plan, environmental and social risk assessment, budget, and annexes. It covers consultant time and peer review processes to ensure a high-quality submission.

9. Validation and Feedback Workshops – USD 12,300. Before submission, the draft proposal and its LLA approach will be reviewed with community representatives, local authorities, and partner institutions. These sessions will gather final feedback, confirm alignment with local plans, and strengthen institutional commitment. Funds will cover logistics and facilitation.

10. Communication and Knowledge Products – USD 4,000. Visual tools such as maps, infographics, policy briefs, and presentations will be developed to ensure that the proposal content is accessible to all stakeholders. These will also serve as advocacy tools for national endorsement and community-level communication.

11. Translation and Editing – USD 2,000. All core documents (full proposal, executive summaries, annexes) must be available in both Spanish and English. Professional editing and translation will ensure clarity, accuracy, and compliance with submission requirements.

12. Audit and Financial Reporting – USD 4,000. To ensure transparency and accountability, an independent financial audit of the PFG expenditure will be carried out, accompanied by financial reporting as per the Implementing Entity’s procedures and AF standards.

13. Implementing Entity Management Fee– USD 11,750. This fee covers the implementing entity’s coordination, quality assurance, financial oversight, and reporting during the formulation process, including staff time, administration, and interface with the Adaptation Fund Secretariat.

For LLA Projects only:

If requesting additional funding for LLA projects to enable devolving decision making to the local level, please specify the activities that would directly serve to enable devolving decision making to the lowest appropriate level and enable local actors to make informed decisions on how adaptation actions are defined, prioritized, designed, and implemented:

Please provide justifications for their need and for the amount of additional funding required:

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
Marianella Feoli		Nov. 28 th 2025		+506 2225 4507	mfeoli@fundecooperacion.org



July 11th, 2025
DVGE-076-2025

Letter of Endorsement by Government
Ministry of Environment and Energy

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

Subject: Endorsement for the project "Empowering Communities to Lead Ecosystem-Based Adaptation for Water Security in the Reventazón Basin of Costa Rica"

In my capacity as designated authority for the Adaptation Fund in Costa Rica, I confirm that the above national grant 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 Costa Rica.

Accordingly, I am pleased to endorse the above grant proposal with support from the Adaptation Fund. If approved, the project will be implemented by Fundecooperacion para el Desarrollo Sostenible and executed by Comision para el Ordenamiento y Manejo de la Cuenca Reventazón (COMCURE) and Tropical Agricultural Research and Higher Education Center (CATIE).

Sincerely,

Carlos Isaac Pérez Mejía
Viceministro de Gestión Estratégica

cc: Archivo / Consecutivo