



ADAPTATION FUND

AFB/PPRC.37/36/Add.1
April 7-8, 2026

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

Agenda Item 7 e)

PROJECT FORMULATION GRANT FOR LLA SINGLE COUNTRY PROPOSAL FOR NEPAL

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.37/36 “LLA Single Country Proposal for Nepal” includes a request for a Project Formulation Grant (PFG), requesting a total budget of US\$ 150,000, which was received by the secretariat along with the concept note proposal for the project AF00000469 “*Empowering Local Climate Action: A Locally Led Adaptation Initiative for Resilience in the Bagmati and Madhesh Provinces of Nepal*”. This proposal was submitted by National Trust for Nature Conservation (NTNC), 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 US\$ 150,000 Project Formulation Grant will support inclusive stakeholder consultations and FPIC processes, gender analysis, and environmental and social risk assessments, alongside technical and policy analyses to inform project design. It will also support baseline assessments, the development of a monitoring, evaluation and learning framework, institutional capacity assessments, targeted technical consultancies, and the preparation of a fully developed proposal.

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: February 10, 2026

Adaptation Fund Project ID: AF00000469

Country/ies: Nepal

Title of Project/Programme: Empowering Local Climate Action: A Locally Led Adaptation Initiative for Resilience in the Bagmati and Madhesh Provinces of Nepal

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

Implementing Entity: National Trust for Nature Conservation

Executing Entity/ies: National Trust for Nature Conservation

A. Project Preparation Timeframe

Start date of PFG	April 2026 (or immediately following endorsement of the concept note)
Completion date of PFG	October 2026

B. Proposed Project Preparation Activities (\$)

Proposed Project Preparation Activities	Output of the PFG Activities	Amount (US\$)	Budget note²
<p>Comprehensive Stakeholder Consultations and Workshops: This activity will support in capturing stakeholder inputs, validating project strategies aligning with communities' priorities ensuring active participation of local communities, women, marginalized groups and IPs to integrate their perspectives into project planning and implementation</p>	<ul style="list-style-type: none"> Detailed and inclusive stakeholder engagement plan and consultation reports Workshops proceedings and summaries Stakeholders feedback reports and actionable follow ups plan 	30,000	The proposed budget is utilized to cover activity-level costs, including Personnel/Consultancy; transportation and logistics; stationery; venue hire; participant and staff meals and accommodation; training materials; and other operational expenses including participant travel etc.
<p>Gender and Environmental and Social Risk Analyses: This activity will support systematically assessing potential social, environmental, and gender-related impacts. The analysis identified vulnerabilities and risks and provided actionable recommendations to mitigate negative effects, enhance gender equity, and ensure environmental and social sustainability. These findings were integrated into project planning and decision-making</p>	<ul style="list-style-type: none"> Comprehensive ESMF and Gender Action Plan integrated into the full proposal 	30,000	The proposed budget incurred the cost for Personnel/Consultancy; data collection and field work; meal during stakeholders' consultation; travel and logistics and data analysis and reporting including communication and documentation etc.

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.

to strengthen inclusivity and supports ESMF, GAP, screening tools and AF policy alignment			
Prior, and Informed Consent (FPIC) consultations for ensuring that Indigenous Peoples and local communities were fully informed, meaningfully consulted, and able to provide consent in line with national/international regulations and safeguard standards. The process will ensure culturally appropriate consultations consistent with AF ESP requirements	<ul style="list-style-type: none"> FPIC Consultation Report including record of community consent, Stakeholders engagement documentation including IPs, Risks and mitigation inputs and community ownership 	15,000	The proposed cost incurred the cost for Personnel/Consultancy; community consultation; travel and logistics, communication and documentation and Operational / Miscellaneous Costs etc.
Specific analyses for project design for, providing evidence-based inputs to guide strategy, objectives, and implementation planning. This included supporting analyses such as policy assessments and cost-effective studies.	<ul style="list-style-type: none"> Technical reports, including policy reviews, cost-effectiveness analyses of nature-based solutions (NbS), and baseline inventories. 	20,000	The proposed cost incurred the cost for Personnel/Consultancy; data collection and research; travel and logistics; workshop and stakeholder consultation; Data processing and analysis; Reporting and Documentation; Operational / Miscellaneous Costs etc.
Developed a comprehensive M&E Plan and performance indicators including baseline assessments, data collection methodologies, reporting templates, and mechanisms to monitor outputs, outcomes, and impact in line with project objectives. The activity will facilitate the development of a participatory MEL system, enabling inclusive tracking, learning, and adaptive management	<ul style="list-style-type: none"> Complete M&E plan with indicators, baselines, and targets 	15,000	The proposed cost incurred the cost for Personnel/Consultancy; stakeholder consultation; data collection and baseline assessment; tools, templates and software; travel and logistics; data processing and analysis; reporting and Documentation; Operational / Miscellaneous Costs etc.
Assessment of the executing partner's capacity for evaluating institutional structures, technical expertise, financial management, and operational systems to inform project implementation and support capacity strengthening. The activity supports and ensures that executing partners are fully	<ul style="list-style-type: none"> Capacity assessment report of local partners 	15,000	The proposed cost incurred the cost for Personnel/Consultancy; stakeholder consultation and workshop; travel and logistics; data processing and analysis; reporting and documentation; Operational /

prepared, with the necessary institutional, technical, and operational capacity to implement the project successfully.			Miscellaneous Costs etc.
Technical Consultancies for Project Development: inputs for NbS and value chain strategies	<ul style="list-style-type: none"> Final full project proposal with activity plans, budget, risk mitigation 	15,000	The proposed cost incurred the cost for Personnel/Consultancy
Implementing Entity Management Fee: Project preparation coordination, reporting and compliance support	<ul style="list-style-type: none"> Coordination and supervision of project preparation activities, reports validation workshops, monitoring, and reporting on the use of PFG. 	10,000	The proposed cost incurred Administrative and logistical support cost for the Implementing Entity
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:

The NTNC, acting as both the Implementing Entity and an Executing Entity, will retain full fiduciary and oversight responsibility for the PFG and the subsequent project. In coordination with the executing partner Youth Alliance for Environment (YAE), serving as the PFG execution partner, NTNC will support the project formulation activities in line with their respective technical expertise and institutional mandates.

The PFG activities will establish the technical, social, environmental, and institutional basis needed to prepare a high-quality full project proposal in line with the Adaptation Fund's 2025 requirements. Key activities include inclusive stakeholder consultations and workshops, incorporating culturally appropriate Free, Prior and Informed Consent (FPIC) processes, to ensure meaningful participation of local communities, women, marginalized groups, and Indigenous Peoples and to validate project strategies against local priorities. Gender analysis and environmental and social risk assessments will inform the development of an Environmental and Social Management Framework (ESMF), Gender Action Plan (GAP), and screening tools aligned with Adaptation Fund policies.

The PFG will also support evidence-based project design and implementation readiness through targeted technical analyses, policy and cost-effectiveness studies, baseline assessments, and the development of a comprehensive Monitoring, Evaluation, and Learning (MEL) framework. Capacity assessments of executing partners and targeted technical consultancies will ensure institutional readiness and consolidate all inputs into a coherent, implementation-ready full project proposal. The proposed funding levels are proportionate to the project's scope, complexity, and safeguards requirements, and reflect the level of expertise, fieldwork, consultation, and coordination required to meet Adaptation Fund standards.

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
Dr. Naresh Subedi		February 10, 2026	Dr. Manish Raj Pandey	97798510383 57	mrpandey70@gmail.com /mrpandey@ntnc.org.np



Government of Nepal
Ministry of Forests and Environment



P.O. Box No. 3987
Singhadurbar, Kathmandu

Ref. No. 367

Letter of Endorsement by the Government of Nepal

Date: 30 June 2025

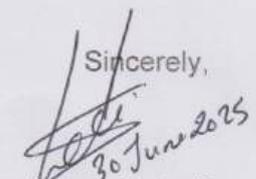
To: The Adaptation Fund Board
c/o Adaptation Fund Board Secretariat
Email: Secretariat@Adaptation-Fund.org
Fax: 202 522 3240/5

Subject: Endorsement for **Empowering Local Climate Action: A Locally Led Adaptation Initiative for Resilience in the Bagmati and Madesh Provinces of Nepal**

In my capacity as designated authority for the Adaptation Fund in Nepal, 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 Nepal.

Accordingly, I am pleased to endorse the above grant proposal with support from the Adaptation Fund. If approved, the project will be implemented by the National Trust for Nature Conservation and executed by the National Trust for Nature Conservation.

Sincerely,


30 June 2025
Mr. Suman Subedi
Under Secretary
Adaptation Section

Climate Change Management Division
Ministry of Forests and Environment
Singhadurbar, Kathmandu