



ADAPTATION FUND

AFB/PPRC.34/27/Add.1
16 September 2024

Adaptation Fund Board
Project and Programme Review Committee
Thirty-fourth meeting
Bonn, Germany, 8-9 October 2024

Agenda Item 7 b)

**PROJECT FORMULATION GRANT FOR
SOMALIA**

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”.

Project Formulation Support for Large Innovation Projects

7. At its thirty-sixth meeting, the Board considered the document AFB/PPRC.27/28, *Programme on Innovation: Operationalization of Large Grants for Innovation*, which stipulates the project formulation support for single country and regional large innovation projects/ programmes as follows:

“National implementing entities (NIEs) that are at the concept development stage of the Fund’s project cycle process have the option to request a project formulation grant (PFG) up to a maximum of US\$ 30,000 per project together with their submission of the project concept to the Board. PFGs can support project formulation activities, including among others feasibility studies or consultations. A PFG could only be awarded when a project concept has been presented to and endorsed by the Board. The template for a Request for Project Formulation Grant (PFG) is available under Project Proposal Materials. To complement the PFGs and support the undertaking of specialist technical assessments during project preparation and design, the Board has also made available Project Formulation Assistance (PFA) grants under the Readiness Programme, up to a maximum of US\$ 20,000 per project, which are also available to NIEs that apply for innovation large grants. PFGs would be funded from the provision dedicated to the Large Grants for Innovation whereas PFAs would be financed outside the provision. For a project for which PFG funding is sought, the total amount of funding inclusive of PFG (but not PFA) cannot exceed US\$ 5 million.

Regional and multilateral implementing entities (RIEs and MIEs) that are at the concept development stage of the Fund’s project cycle process have the option to request a PFG up to a maximum of US\$ 30,000 per project together with their submission of the regional project concept to the Board.”

8. Following the discussion, the Board decided:

(a) To approve the Innovation Large Grant Project Proposal template, the Review Criteria template and the Instructions for Preparing a Proposal for

Innovation Large Grants, as described in annexes II, III and IV to document AFB/PPRC.27/28;

(b) To launch the request for proposals so that submissions of Innovation Large Grants proposals are invited to be considered as early as the thirty-seventh meeting of the Board.

(Decision B.36/24)

9. In its thirty-seventh meeting, the Board decided to raise the maximum of individual project formulation grants available to national implementing entities:

(d) To raise the maximum amount of individual project formulation grants available to national implementing entities to US\$ 50,000

(Decision B.37/1 (d))

37. At its forty-second meeting 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

10. This addendum to the document AFB/PPRC/34/27 "Proposal for Larg Innovation Project for Somalia" includes a request for a Project Formulation Grant, requesting a budget of US\$ 100,000, which was received by the secretariat along with the concept for the large innovation regional project AF00000275 "Enhancing Adaptation and Resilience through Nature-based Solutions (EARNSS) in Somalia". This proposal was submitted by United Nations Environment Programme (UNEP), which is a Multilateral Implementing Entity of the Adaptation Fund, in time for consideration by the Adaptation Fund Board at its fortieth Board meeting.

11. 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 develop the project proposal, stakeholder consultations, gender action plan, and ESS.

12. 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.



Revised PFG Submission Form¹ (additions in red)

Project Formulation Grant (PFG)

Submission Date: 09 August 2024

Adaptation Fund Project ID: N/A

Country/ies: Somalia

Title of Project/Programme:

Enhancing Adaptation and Resilience through Nature-based Solutions (EARNSS) in Somalia

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

Implementing Entity:

United Nations Environment Programme (UNEP)

Executing Entity/ies: UNEP (77% of grant) and Sadar Development and Resilience Institute (Sadar) (23% of grant).

A. Project Preparation Timeframe

Start date of PFG	1 October 2024
Completion date of PFG	1 October 2025

B. Proposed Project Preparation Activities (\$)

List of Proposed Project Preparation Activities	Output of the PFG Activities	US\$ Amount	Budget note ²
Full proposal formulation including annexes to full proposal		105,250	Consultancy firm cost based on market rates
Stakeholder consultation processes	1	32000	1 national-level stakeholder consultation workshop in Mogadishu and 3 district level consultation workshops @ 8,000 USD/workshop.

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.

Total PFG activities		137,250	
IE management fee		12,750	
Total PFG grant request		150,000	

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

The proposal will be prepared based on the endorsed concept note. The proposal will be prepared with the involvement and validation of national and local stakeholders. Field level consultations will take place among the communities to be supported. The information gathered will be location-specific and quantitative as far as possible. Data and information should be recent and referenced. The proposal should incorporate the following key aspects:

1. Full proposal development and annexes

The information gathered during the above in-depth and implementation-oriented consultation process will be used to develop the full proposal for the Innovation Large Grant Project (PART III), including:

- Stakeholder Engagement and Project Implementation Plan defining the roles and responsibilities of each government institution, implementation partners and stakeholders at the national, regional, district and community level in the project implementation and monitoring at different levels. The plan will include measures to mitigate financial, reputational, security and other risks.
- Detailed Results Framework for the project, including SMART indicators and targets aligned with the Adaptation Results Framework.
- Implementation workplan and milestones.
- Costed M&E and knowledge management plan.
- Costed Gender Action Plan
- Costed Environmental and Social Management Plan
- Detailed budget and budget notes including quantification of stakeholders' in-kind contributions
- Sustainability and exit strategy

Gender Action Plan

The existing gender analysis will be further developed to identify gender-differentiated climate impacts, risks, and opportunities to address gender gaps and promote women's empowerment in the specific context of target rural and urban settings along the Shabelle watershed. A costed Gender Action Plan for the project will be developed identifying gender-responsive measures to address differences, identified impacts, risks, and opportunities. The plan will include indicators and sex-disaggregated targets in the project results framework.

Environmental and Social Management Plan (ESMP)

An environmental and social management plan will scope the main environmental and social safeguards risks and identify mitigation measures through consultations and lessons learned. The ESMP will be developed to align with the Environmental and Social Policy of the Adaptation Fund and UNEP’s Social and Environmental Sustainability Framework.


2. Stakeholder consultation

A round of stakeholder consultations at the national level and in the prioritized districts of Beledweyne, Jowhar and Afgooye District is required to develop participatory project design and implementation processes that are inclusive and effective across the different levels of intervention proposed by the project (national, regional, district, community and household level). The consultation process will inform the:

- Identification of criteria for the selection of rural watershed catchments and urban communities and preliminary selection of appropriate sites for further assessment under Outcome 1 of the project.
- Identification of national and local partnering organizations and capacity assessment, including identification of measures to manage financial, reputational and security risks in the districts of intervention.
- Identification of the roles and responsibilities of each government institution and stakeholders at the national, regional, district, and community levels in project implementation and monitoring at different levels.
- Identification of result framework SMART indicators and targets aligned with the Adaptation Results Framework.
- Identification of costed activities necessary to attain the planned outputs and outcomes and a detailed budget.
- M&E and knowledge management plan, Gender Action Plan and Environmental and Social Management Plan.
- Sustainability and exit strategy

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
UNEP Mirey Atallah	 Mirey Atallah	August 9th, 2024	Jessica Troni	254795751062	Jessica.troni@un.org



Federal Republic of Somalia
Ministry of Foreign Affairs and International Cooperation

Letter of Endorsement by Government

05/08/2021

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

Subject: Endorsement for Enhancing Resilience through Nature-based Solutions (EARNSS) in Somalia.

In my capacity as designated authority for the Adaptation Fund in Somalia I confirm that the above national project/programme 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 Somalia.

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 Nation Environment Program (UNEP) and executed by SADAR Development and Resilience Institute.

Sincerely,

Mr. Mohamud Mohamed Ismail
Adviser and National Designated Authority (NDA)

Federal Government of Somalia

