



ADAPTATION FUND

AFB/PPRC.35/23/Add.1
17 March 2025

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

Agenda Item 5n)

PROJECT FORMULATION GRANT FOR MALAWI

I. Background

1. The Board at its eleventh meeting discussed the document "Funding for Project Formulation Costs" (AFB/11/6) and agreed, in its Decision B.11/18, that:

- i. project formulation grants (PFG) should be given once a project concept has been approved
- ii. consideration should be given in terms of differentiating between NIEs and MIEs, since some NIEs might have financial difficulties in trying to formulate project or programme proposals;
- iii. a flat rate should be given for project formulation costs;
- iv. a list of eligible activities and items still needed to be prepared; v. the grant should be additional to the project cost; and
- v. the fate of funds if the final project document was rejected should be determined.

2. There was consensus that a three-tiered system should be considered for project formulation grants: endorse a project concept with a PFG amount, endorse a project concept without a PFG amount, or reject the project concept.

3. Following the discussion, the Board decided:

To request the secretariat to reformulate the document, to include a comparison of eligible activities provided by other funds for project formulation grants, to take into account guidance provided by the Board at the present meeting, and to submit the document to the Board at its twelfth meeting, through the EFC. The EFC should review and finalize the process and policy of the project formulation grant focusing, in particular, on: the issue of unspent project funds; the procedures followed by other funds in that regard; and the determination of a flat-rate.

4. A document was prepared by the secretariat in response to the above mandate and presented at the third EFC meeting, which made specific recommendations to the Board at its twelfth meeting. Having considered the recommendation of the Ethics and Finance Committee, the Board, in its Decision B.12/28, decided that:

(a) Project Formulation Grants (PFGs) will only be made available for projects submitted through NIEs. The Board would continue reviewing the question of PFGs for projects submitted through MIEs and would solicit comments from members and alternate members by February 14, 2011; the views would be compiled by the secretariat for presentation to the Board at its March 2011 meeting;

(b) If a country required a project formulation grant, a request should be made at the same time as the submission of a project concept to the secretariat. The secretariat will review and forward it to the PPRC for a final recommendation to the Board. A PFG could only be awarded when a project concept was presented and endorsed;

(c) A PFG form, reproduced in Annex V, should be submitted;

- (d) Only activities related to country costs would be eligible for PFG funding;*
- (e) A flat rate of up to US\$30,000 shall be provided, inclusive of the management fee, which cannot exceed 8.5 per cent of the grant amount. The flat fee would be reviewed by the Board at its thirteenth and all subsequent meetings;*
- (f) If the final project document is rejected, any unused funds shall be returned to the Adaptation Fund Trust Fund;*
- (g) Once a project/programme formulation grant is disbursed, a fully developed project document should come to the Board for approval within 12 months. No additional grants for project preparation can be received by a country until the fully developed project/programme document has been submitted to the Board; and*
- (h) The Trustee was instructed to remove the set-aside of US\$100,000 for project preparation that had been decided at the June 2010 meeting, as project preparation would be approved on a project-by-project basis.*

5. In its twenty-fourth meeting, the Board had initiated steps to launch a pilot programme on regional projects and programmes, not to exceed US\$ 30 million and had requested the secretariat to prepare for the consideration of the Board a proposal for such a pilot programme (Decision B.24/30). In its twenty-fifth meeting, the secretariat submitted such document and the Board decided to:

- (a) Approve the pilot programme on regional projects and programmes, as contained in document AFB/B.25/6/Rev.2;*
- (b) Set a cap of US\$ 30 million for the programme;*
- (c) Request the secretariat to issue a call for regional project and programme proposals for consideration by the Board in its twenty-sixth meeting; and*
- (d) Request the secretariat to continue discussions with the Climate Technology Center and Network (CTCN) towards operationalizing, during the implementation of the pilot programme on regional projects and programmes, the Synergy Option 2 on knowledge management proposed by CTCN and included in Annex III of the document AFB/B.25/6/Rev.2.*

(Decision B.25/28)

6. The approved document AFB/B.25/6/Rev.2 contained provisions for the approval of project formulated grants for regional project and programme proposals, at different development stages, as follows:

“It is proposed that the Board open a structured call for MIEs and RIEs to submit pre-concepts for regional projects and programmes. The optional pre-concepts would be very brief proposals of maximum 5 pages that would explain the proposed regional adaptation project/programme. The pre-concepts would be screened and technically reviewed by the

secretariat, and subsequently reviewed by the PPRC. Together with the pre-concept, the proponent could submit a Phase I PFG request, up to the maximum level of US\$ 20,000. While endorsing the pre-concept, the Board could also approve the Phase I PFG request. The endorsement of the pre-concept would not create an obligation for the Board for later funding. As the next step, the proponent would submit a concept, and with it the proponent could submit a Phase II PFG request. The maximum AFB/PPRC.18/25/Add.1 level of the Phase II PFG would be US\$ 80,000 for proposals that had been previously granted Phase I PFG, and US\$ 100,000 for proposals that bypassed the optional pre-concept stage. While endorsing the concept, the Board could also approve the Phase II PFG request. The endorsement of the concept would not create an obligation for the Board for later funding, as it is the case for the national projects. The final stage of the proposal process would be the submission of the fully-developed regional project document”.

II. The Project Formulation Grant Request

7. This addendum to the document, AFB/PPRC.35/23 “Proposal for Malawi” 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 AF00000380 “*Smallholder Climate Resilience Project*”. This proposal was submitted by International Fund for Agricultural Development (IFAD), which is a Multilateral Implementing Entity of the Adaptation Fund, in time for consideration by the Adaptation Fund Board at its forty-fourth Board meeting.

8. In accordance with Decision B.12/28, paragraph (b), the secretariat carried out an initial review of the PFG request and found that the document provided detailed information on the use of the requested funds. The proposed activities were aligned with the goal of the project and would support proposal development; vulnerability assessment studies; Gender and Environmental and Social risk analyses and formulation of Environmental and Social Management Plan and Gender Action Plan.

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.



Revised PFG Submission Form¹ (additions in red)

Project Formulation Grant (PFG)

Submission Date:

Adaptation Fund Project ID: AF00000380

Country/ies: Malawi

Title of Project/Programme: Smallholder Climate Resilience Project

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

Implementing Entity: International Fund for Agricultural Development (IFAD)

Executing Entity/ies: International Fund for Agricultural Development (IFAD) for the PFG, Ministry of Agriculture for the project

A. Project Preparation Timeframe

Start date of PFG	June 2025
Completion date of PFG	May 2026

B. Proposed Project Preparation Activities (\$)

List of Proposed Project Preparation Activities	Output of the PFG Activities	US\$ Amount	Budget note²
Consultancies and contracts to develop program	Full proposal of the SCRP project	77,250	Consultancy fees: USD 54,250 Travel fees: USD 13,000
Detailed vulnerability assessment of the targeted districts, based on GIS mapping and remote sensing to inform the selection of project sites (microwatersheds)	Vulnerability assessment report including maps	20,000	Consultancy fees: USD 20,000
Gender and Environmental and Social risk analyses and	Environmental and Social Management Plan and Gender Action Plan	40,000	Consultancy fees: USD 30,000 Travel costs: USD

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.

formulation of Environmental and Social Management Plan and Gender Action Plan. This document is required as part of the submission of the full proposal.	formulated.		10,000
IE Fee (8.5% of total)	-	12,750	-
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 PFG activities requested for the SCRIP project will support the formulation of the full proposal at different levels, ensuring that the Executing Entity will be provided with a complete design package to fast-track implementation. The activities proposed are detailed below:

1. Consultancies and contracts to develop program

IFAD is requesting additional funds to top up the budget it allocates for the design of Adaptation Fund projects. The fund will be used to address the issues the Adaptation Fund raised during the review of the project concept note. IFAD proposes to hire 3 consultants (national and international) to improve the quality of the full proposal. The proposed cost amounts to USD 77,250, covering consultancy fees and travel costs.

2. Detailed vulnerability assessment the targeted districts, based on GIS mapping and remote sensing to inform the selection of project sites (microwatersheds).

SCRIP is fully based on a watershed management approach, with the concentration of activities in highly vulnerable microwatershed. This activity will both enable to prioritize microwatersheds of intervention in the selected four districts, and to ensure that all environmental and social risks are assessed, therefore excluding the presence of USPs. The assessment will be conducted by a GIS and remote sensing expert, who will produce a set of maps of microwatersheds in the targeted districts, displaying a number of vulnerability factors, including an assessment of the level of land degradation through remote sensing. The total cost of the study will be USD 20,000 (consultancy fees, no travel required).

3. Gender and Environmental and Social risk analyses and formulation of Environmental and Social Management Plan and Gender Action Plan

The Adaptation Fund requires a robust and evidence-based gender and environmental and social risk analysis, based on the list of identified sites for project interventions. For the full proposal, IFAD and the Ministry of Agriculture propose to carry out thorough data collection and analysis for gender, marginalized populations, as well as for the assessment of environmental and social risks. The risk analysis will inform the formulation of a robust Environmental and Social Management Plan and Gender Action Plan. IFAD will hire two international consultants for this assignment, a gender specialist and an environmental specialist who will work jointly. The cost of USD 30,000 includes consultancy fees for 15 days as well as fieldwork costs for one week.

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

IFAD will be the Implementing Entity with fiduciary and technical oversight. While IFAD will also be the Executing Entity for the PFG, the Ministry of Agriculture will be the Executing Entity of the project.

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
Pierre Yves Guedez Lead Multilateral Climate & Environmental Funds (AF, GCF, GEF), IFAD			Claus Reiner Regional Climate and Environment Specialist, IFAD	+254 11 5492302	c.reiner@ifad.org

Annex A: Letter of Endorsement

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



MINISTRY OF FINANCE
AND ECONOMIC AFFAIRS
P.O. BOX 30049,
CAPITAL CITY,
LILONGWE 3, MALAWI

Ref. No. **FIN/DAD/5/1/7/NC**

5th December 2024

The Adaptation Fund
1818H Street, NW,
MSN 7N-700
Washington, DC 20433,
USA

Dear Adaptation Fund Secretariat,

ENDORSEMENT FOR "SMALLHOLDER CLIMATE RESILIENCE PROJECT (SCRIP)"

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

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 International Fund for Agricultural Development (IFAD) and executed by the Ministry of Agriculture.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'Robert Mwanamanga', written over a faint circular stamp.

Robert Mwanamanga

FOR: SECRETARY TO THE TREASURY