



ADAPTATION FUND

AFB/PPRC.35/30/Add.1
17 March 2025

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

Agenda Item 6f)

PROJECT FORMULATION GRANT FOR MALAWI, MOZAMBIQUE, ZAMBIA

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.35/30 “Proposal for Malawi, Mozambique, Zambia” includes a request for a Project Formulation Grant, requesting a budget of US\$ 33,000, which was received by the secretariat along with the concept for the regional programme AF00000421 *“Upscaling Groundwater-Based Natural Infrastructure (GBNI) to Support Water Resilience in Selected Transboundary Aquifers (TBAs) of Southern Africa”*. 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 comprehensive consultation process at national level; and development of a concept note.

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



Revised PFG Submission Form¹
Project Formulation Grant (PFG)

Submission Date:

Adaptation Fund Project ID:

Country/ies: Mozambique, Malawi, Zambia

Title of Project/Programme: Upscaling Groundwater-Based Natural Infrastructure (GBNI) to Support Water Resilience in Selected Transboundary Aquifers (TBAs) of Southern Africa

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, SADC Groundwater Management Institute for the project

A. Project Preparation Timeframe

Start date of PFG	Upon Pre-Concept Note approval date
Completion date of PFG	(10 months) after Pre-Concept Note approval date

B. Proposed Project Preparation Activities (\$)

List of Proposed Project Preparation Activities	Output of the PFG Activities	US\$ Amount	Budget note²
Workshops	3 National Stakeholder Consultation Reports based on National workshops with stakeholders and local communities	6,000	Stakeholder workshops
Consultants	A full Concept Note document for submission to AF	18,500	Consultancy fees for proposal development
Travel	Travel expenses for project activities	5,200	

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.


Project formulation grant for concept note		29,700	Total PFG allocation for concept preparation
Implementing Entity (IE) Fee (10.0%)		3,300	IE fee based on 10% of total PFG
Project Formulation Grant + IE fee		33,000	Total PFG budget inclusive of IE fee

Please describe below each of the PFG activities and provide justifications for their need and for the amount of 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 SADC Groundwater Management Institute 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 Addresses
Mr Pierre Yves Senior Climate Finance Specialist ECG Division, IFAD		12/16/2024	Mr Claus Reiner Regional Climate and Environment Specialist, IFAD	+254 11 5492302	email: p.guedez@ifad.org e-mail: c.reiner@ifad.org

Robert Mwanamanga, Director Debt Aid, Ministry of Finance, Economic and Affairs, Malawi	Date: 18 December 2024
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B. Implementing Entity certification

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 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 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.	
Implementing Entity coordinator: Pierre-Yves Guedez Lead Multilateral Climate & Environmental Funds (AF, GCF, GEF), IFAD	e-mail: p.guedez@ifad.org
Mr Juan Carlos Mendoza Casadiegos Director Environment, Climate, Gender and Social Inclusion Division, IFAD	
Date: 12/18/2024	e-mail: ecgmailbox@ifad.org
Project contact persons:	
Mr Claus Reiner Regional Climate and Environment Specialist, IFAD	e-mail: c.reiner@ifad.org

Annex 1 Letters of Endorsement



Telephone: (202) 3705 283
Telefax: (202) 3709 373
E-mail: finance@finance.gov.mz



MINISTRY OF FINANCE
AND ECONOMIC AFFAIRS
DARTRE WALK
P.O. BOX 30046
LUSOYANGA 3
MAPUTO

Ref. No. FIN/DADR/MS/21124

18th December, 2024

The Adaptation Fund
161 RH Street, NW,
MSN 7N-700
Washington, DC 20433,
USA.

Dear Adaptation Fund Secretariat,

Subject: Endorsement for the SADC-GMIFAD Regional project titled "Upscaling Groundwater-Based Natural Infrastructure (GBNI) to Support Water Resilience in Selected Transboundary Aquifers (TBAs) of Southern Africa"

In my capacity as Designated Authority for the Adaptation Fund in Mozambique, I confirm that the above regional project is in accordance with our national priorities in implementing adaption activities to reduce adverse impacts of and risks posed by climate change in Mozambique, as well as the broader region. The project also advances the role of groundwater in climate proofing vulnerable communities in rural and remote areas.

Taking note of the above, I am pleased to endorse the above project for submission to the Adaptation Fund. I am aware that if approved, the project implementing Entity will be International Fund for Agriculture Development (IFAD) while SADC-Groundwater Management Institute (GMI) shall be the Executing Entity.

Yours faithfully,


Eulalia Muzungu
For: SECRETARY TO THE TREASURY



REPÚBLICA DE MOÇAMBIQUE
MINISTÉRIO DA TERRA E AMBIENTE
GABINETE DO MINISTRO

To:
The Adaptation Fund Board
c/o Adaptation Fund
Board Secretariat
E-mail: secretariat@adaptation-fund.org
Fax: 202 522 3240/5

N/Ref. n.º 10/MTA/GM-SP/2023

Maputo, 17 de Novembro de 2023

Subject: Endorsement for the SADC-GMIFAD Regional Concept note/Proposal to the Adeptation project titled "Upscaling Groundwater-Based Natural Infrastructure (GBNI) to Support Water Resilience in Selected Transboundary Aquifers (TBAs) of Southern Africa"

In my capacity as National Designated Authority for the Adaptation Fund in Mozambique, I confirm that the above regional project is in accordance with our national priorities to implement adaptation activities to reduce the adverse impacts of, and risks, posed by climate change in Mozambique, as well as the broader region. The project also advances the role of groundwater in climate proofing vulnerable communities in rural and remote areas.

Taking note of the above, I am pleased to endorse the regional project concept note for submission to the Adaptation Fund. I am aware that if approved, the project will be implemented by the SADC Groundwater Management Institute (SADC-GMI) and the International Fund for Agricultural Development (IFAD).

Please accept the assurances of my highest consideration.

Kind regards

Permanent Secretariat

Eulalia Fumo

Telephone: (265) 3785 353
Telex: (265) 3785 373
Fax: (265) 3785 373
E-mail: finance@finance.gov.mw



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

Ref. No. FIN/DAD/RM/5/2/124

18th December, 2024

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

Dear Adaptation Fund Secretariat,

Subject: Endorsement for the SADC-GMT/FAD Regional project titled "Upscaling Groundwater-Based Natural Infrastructure (GBNI) to Support Water Resilience in Selected Transboundary Aquifers (TBAs) of Southern Africa"

In my capacity as Designated Authority for the Adaptation Fund in Malawi, I confirm that the above regional project is in accordance with our national priorities in implementing adaption activities to reduce adverse impacts of and risks posed by climate change in Malawi, as well as the broader region. The project also advances the role of groundwater in climate proofing vulnerable communities in rural and remote areas.

Taking note of the above, I am pleased to endorse the above project for submission to the Adaptation Fund. I am aware that if approved, the project Implementing Entity will be International Fund for Agriculture Development (IFAD), while SADC-Groundwater Management Institute (GMI) shall be the Executing Entity.

Yours faithfully,

For: **SECRETARY TO THE TREASURY**



REPÚBLICA DE MOÇAMBIQUE
MINISTÉRIO DA TERRA E AMBIENTE
GABINETE DO MINISTRO

To:
The Adaptation Fund Board
C/O Adaptation Fund
Board Secretariat
E-mail: secretariat@adaptation-fund.org
Fax: 202 522 3240/5

N/Ref.º n.º 103/MTA/GM-SP/2023

Maputo, 17 de Novembro de 2023

Subject: Endorsement for the SADC-GM/IFAD Regional Concept note/Proposal to the Adaptation project titled "Upscaling Groundwater-Based Natural Infrastructure (GBNI) to Support Water Resilience in Selected Transboundary Aquifers (TBAs) of Southern Africa"

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Please accept the assurances of my highest consideration.

Kind regards

Permanent Secretariat

Emilia Fumo