



ADAPTATION FUND

AFB/PPRC.15/6/Add.1
25 September 2014

Adaptation Fund Board
Project and Programme Review Committee
Fifteenth Meeting
Bonn, Germany, 7-8 October 2014

Agenda Item 6 b)

PROJECT FORMULATION GRANT FOR MEXICO

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*
- vi. 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.*

II. The Project Formulation Grant Request

5. This addendum to the document AFB/PPRC.15/6 “Proposal for Mexico” includes the Project Formulation Grant request, requesting a budget of US\$30,000, which was received by the secretariat along with the concept for the project MEX/NIE/Rural/2014/1 “Local and Comprehensive Adaptation Measures to Address Climate Change in Two Sub-Basins of Guanajuato, Mexico”. This proposal was submitted on time by the Mexican Institute of Water Technology (IMTA), the National Implementing Entity for Mexico, for consideration by the Adaptation Fund Board at its twenty-fourth meeting.

6. 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 help design the project through identification of the most vulnerable communities, conducting an environmental and social risk analysis and feasibility studies for adaptation measures, selection of alternatives and formulation of the full proposal.

7. 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.



Project Formulation Grant (PFG)

Submission Date: September 3, 2014

Adaptation Fund Project ID:

Country/ies: Mexico

Title of Project/Programme: Local and Comprehensive Adaptation Measures to Address Climate Change in Two Sub-Basins of Guanajuato, Mexico.

Type of IE (NIE/MIE): National Implementing Entity

Implementing Entity: Mexican Institute of Water Technology (IMTA)

Executing Entity/ies: Ecology and Climate Change National Institute (INECC)

A. Project Preparation Timeframe

Start date of PFG	November 3, 2014
Completion date of PFG	March 31, 2014

B. Proposed Project Preparation Activities (\$)

Describe the PFG activities and justifications:

List of Proposed Project Preparation Activities	Output of the PFG Activities	USD Amount
Identify the most vulnerable communities to climate change and more interest shown	Get more participative communities	6,000
ESP Risk Analysis	Detect ESP risk of high impact	8,000
Feasibility studies of adaptation measures	Establish priority of the adaptation measures	9,000
Selection of alternatives	Define places and number of the adaptation actions	4,000
Full proposal formulation	Develop the full proposal Document	3,000
Total Project Formulation Grant		30,000

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
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