



ADAPTATION FUND

AFB/PPRC.30/21/Add.1

03 October 2022

Adaptation Fund Board
Project and Programme Review Committee
Thirtieth Meeting
Bonn, Germany, 11-12 October 2022

Agenda Item 4 p)

**PROJECT FORMULATION GRANT FOR
MEXICO (2)**

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. The Board in its thirty-seventh meeting, having considered the recommendation of the Project and Programme Review Committee (PPRC), the Adaptation Fund Board decided:

(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))

II. The Project Formulation Grant Request

8. This addendum to the document AFB/PPRC.30/21 “Proposal for Mexico (2)” includes a request for a Project Formulation Grant, requesting a budget of US\$ 40,000, which was received by the secretariat along with the concept for the project AF00000327 “Restoration of Lake Texcoco through Resilient Actions”. This proposal was submitted by Mexican Institute of Water Technology (IMTA), which is the National Implementing Entity of the Adaptation Fund, in time for consideration by the Adaptation Fund Board at its thirty-ninth 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 and would carry out identification of specific climate change vulnerabilities, engagement with local communities and stakeholders, cost-benefit analysis and preparation of full proposal.

10. 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: 12th September 2022

Adaptation Fund Project ID: AF00000327

Country/ies: Mexico

Title of Project/Programme: Restoration of Lake Texcoco through resilient actions

Type of IE (NIE/MIE): NIE

Implementing Entity: Mexican Institute of Water Technology

Executing Entity/ies: National Water Commission

A. Project Preparation Timeframe

Start date of PFG	Approval date of concept note
Completion date of PFG	Submission date for full proposal

B. Proposed Project Preparation Activities (\$)


Describe the PFG activities and justifications:

List of Proposed Project Preparation Activities	Output of the PFG Activities	USD Amount
Identification of specific climate change vulnerabilities	Detailed identification of climate change vulnerabilities of the target area through field and/or documental research work.	5,000
Workflow of communication and responsibilities through engagement with local communities and stakeholders	Design of the flowchart of the actors involved in the project progress, specifically, how the communication will take place within the Monitoring Group in Lake Texcoco (comprised by representatives of local communities, the Executing Entity and other relevant government organizations). Documentation on how the information resulting from the consultations within and outside the Monitoring Group will be utilized and/or disseminated.	5,000
Disaggregated map of beneficiaries	Detailed research on the most recent data of beneficiaries of the project, disaggregated by gender and their economic activities, that will be positively	4,000

	impacted by the implementation of the project.	
Cost-benefit analysis	Detailed cost and benefit analysis and the derived cost effectiveness of the proposal in a climate adaptation context, including environmental and social risks assessment and measures to mitigate it, in line with the Environmental and Social Policy and Gender Policy of the Fund	7,000
Statement on total project cost	Breakdown of the execution costs as well as documental research on relevant potentially overlapping projects (past, ongoing or planned, as well as current state of complementarity programmes, linkages, synergies and lack of overlap.	3,000
Preparation of full proposal	Consultancy carried out by specialists to direct the preparation of the final document, final revision of all sections and organization of all relevant documents.	16,000
Total Project Formulation Grant		40,000

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
Dr. Adrián Pedrozo Acuña		12 th September 2022	Dr. Adrián Pedrozo Acuña	+52 777 329 3600 Ext 554	director_general@tlaloc.imta.mx
			Dra. Pamela Iskra Mejía Estrada	+52 777 329 3600 Ext 236	iskra_mejia@tlaloc.imta.mx



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**Letter of Endorsement by the Government of Mexico
Secretariat of Finance and Public Credit**



SHCP
SECRETARÍA DE
HACIENDA Y
CRÉDITO PÚBLICO

08th August 2022

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

Subject: Endorsement for the Project **“Restoration of Lake Texcoco through resilient actions”**.

In my capacity as General Director in process of being appointed as designated authority for the Adaptation Fund in Mexico, in the absence of an appointed authority, I confirm that the above national project 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 Mexico.

Accordingly, I am pleased to endorse the above project proposal with support from the Adaptation Fund. If approved, the project will be implemented by the Mexican Institute of Water Technology (IMTA) and executed by the **National Water Commission**.

Sincerely,

Laura Elisa Aguirre Téllez
Director General
Secretariat of Finance and Public Credit
(Unit of Public Credit)
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laura_aguirre@hacienda.gob.mx



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IMTA
INSTITUTO MEXICANO
DE TECNOLOGÍA
DEL AGUA

Regular Project Cover Letter

**Secretariat of Environment and Natural Resources
Mexican Institute of Water Technology**

08th August 2022

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

Subject: Endorsement for Project “**Restoration of Lake Texcoco through resilient actions**”

In my capacity as Director General of the National Implementing Entity for the Adaptation Fund in Mexico, I am pleased to send the above project for the consideration of the Board for the upcoming 39th Meeting.

The project contains crucial elements for adaptation in the country, as stated in the content. If approved, the project will be executed by the **National Water Commission**.

Sincerely,

Dr. Adrián Pedrozo Acuña
Director General
Mexican Institute of Water Technology