ADAPTATION FUND

AFB/PPRC.30/22/Add.1
03 October 2022

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

Agenda Item 4 q)

PROJECT FORMULATION GRANT FOR MEXICO (3)

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.30/22 "Proposal for Mexico (3)" includes a request for a Project Formulation Grant, requesting a budget of US$ 30,000, which was received by the secretariat along with the concept for the project AF00000328 "Ha Ta Tukari, "Water our Life": Towards Universal Drinking Water Coverage for 23 Communities of the Wixarika Nation". 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 stakeholder consultations, demographic analysis, cost-benefit analysis, and the full proposal preparation.

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.

ADAPTATION FUND

Project Formulation Grant (PFG)

Submission Date: September 13th, 2022

Adaptation Fund Project ID: AF00000328
Country/ies: Mexico
Title of Project/Programme: Ha Ta Tukari, "Water our Life": Towards universal drinking water coverage for 23 communities of the Wixarika Nation
Type of IE (NIE/MIE): NIE
Implementing Entity: Instituto Mexicano de Tecnología del Agua
Executing Entity/ies: Lluvia para todos AC

A. Project Preparation Timeframe

Start date of PFG	**Approval date of concept note**
Completion date of PFG	**January 2024**

B. Proposed Project Preparation Activities ($)

Describe the PFG activities and justifications:

List of Proposed Project Preparation Activities	Output of the PFG Activities	USD Amount
Stakeholder consultancy Inclusion of all existing interested parties for project presentation and preparation according to each parties' roles, analysis and inclusion of potential new collaborators, and correct integration of all stakeholders at a local and regional level. This includes a planification of security protocols through the integration of relevant stakeholders (National Guard, State Police) given the recent increase of cartel violence in the area.	Stakeholders' inclusion and participation	$8,000
Technical consultancy Improvement of technical capacity for the project's scaling (improving the manufacturing processes of geomembrane cisterns),	Technical adaptation of proposed eco-technologies and improvement of local capacity	$10,500

planification for the transportation of materials and people to the Sierra (transport, storage and accommodation), and enhancement of local technical capacity for RWH systems installation		
Demographic analysis and financial consultancy Thorough analysis of demographics in the localities of San Andrés Cohamiata and gender analysis. Determination of the budget in terms of potential resulting changes in the activities (number of RWH systems, for example) and the resources needed for the project (human resources, facilities, etc.)	Demographic and gender analysis, financial plan	$6,500
Economic consultancy Analysis of the project through a cost-benefit point of view, as well as the economic outcome of the project at the local level. Integration of new practices relevant to the new tax and NGO regulations.	Cost-benefit analysis and economic evaluation	$3,000
Proposal preparation - Drafting of the final proposal - Preparation of main document and annexes. - Translations (Wixa-Spanish and Spanish-English)	Final proposal	$2,000
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
Dr. Adrián Pedrozo Acuña		13th 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

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

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 **"Ha Ta Tukari, "Water our Life": Towards universal drinking water coverage for 23 communities of the Wixarika Nation"**

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 **Isla Urbana**.

Sincerely,

Laura Elisa Aguirre Téllez
Director General
Secretariat of Finance and Public Credit
(Unit of Public Credit)
+52 55 3688 1873
laura_aguirre@hacienda.gob.mx

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 **"Ha Ta Tukari, "Water our Life": Towards universal drinking water coverage for 23 communities of the Wixarika Nation"**

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 **Lluvia Para Todos, A.C.**.

Sincerely,

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