



**ADAPTATION FUND**

AFB/PPRC.37/46/Add.1  
7-8 April 2026

---

Adaptation Fund Board  
Project and Programme Review Committee  
Thirty-seventh Meeting  
Bonn, Germany

Agenda Item 9 c)

**PROJECT FORMULATION GRANT FOR  
URUGUAY**

## 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”.*

### **Project Formulation Support for Large Innovation Projects**

7. At its thirty-sixth meeting, the Board considered the document AFB/PPRC.27/28, *Programme on Innovation: Operationalization of Large Grants for Innovation*, which stipulates the project formulation support for single country and regional large innovation projects/ programmes as follows:

*“National implementing entities (NIEs) that are at the concept development stage of the Fund’s project cycle process have the option to request a project formulation grant (PFG) up to a maximum of US\$ 30,000 per project together with their submission of the project concept to the Board. PFGs can support project formulation activities, including among others feasibility studies or consultations. A PFG could only be awarded when a project concept has been presented to and endorsed by the Board. The template for a Request for Project Formulation Grant (PFG) is available under Project Proposal Materials. To complement the PFGs and support the undertaking of specialist technical assessments during project preparation and design, the Board has also made available Project Formulation Assistance (PFA) grants under the Readiness Programme, up to a maximum of US\$ 20,000 per project, which are also available to NIEs that apply for innovation large grants. PFGs would be funded from the provision dedicated to the Large Grants for Innovation whereas PFAs would be financed outside the provision. For a project for which PFG funding is sought, the total amount of funding inclusive of PFG (but not PFA) cannot exceed US\$ 5 million.*

*Regional and multilateral implementing entities (RIEs and MIEs) that are at the concept development stage of the Fund’s project cycle process have the option to request a PFG up to a maximum of US\$ 30,000 per project together with their submission of the regional project concept to the Board.”*

8. Following the discussion, the Board decided:

*(a) To approve the Innovation Large Grant Project Proposal template, the Review Criteria template and the Instructions for Preparing a Proposal for*

*Innovation Large Grants, as described in annexes II, III and IV to document AFB/PPRC.27/28;*

*(b) To launch the request for proposals so that submissions of Innovation Large Grants proposals are invited to be considered as early as the thirty-seventh meeting of the Board.*

*(Decision B.36/24)*

9. In its thirty-seventh meeting, the Board decided to raise the maximum of individual project formulation grants available to national implementing entities:

*(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))**

37. At its forty-second meeting the Adaptation Fund Board decided:

*(a) That project formulation grants (PFGs) be made available for projects submitted through national, regional and multilateral implementing entities;*

*(b) That the maximum size of the PFG for single country projects for all windows, inclusive of the management fee, be set as follows:*

*i) For projects below US\$ 2,000,000, the limit is set at US\$ 50,000;*

*ii) For projects at or above US\$ 2,000,000 and below US\$ 5,000,000, the limit is set at US\$ 100,000;*

*iii) For projects at or above US\$ 5,000,000, the limit is set at US\$ 150,000;*

*(c) That an additional PFG amount (inclusive of the management fee) can be provided on a case-by-case basis for locally-led adaptation projects up to a maximum of US\$ 100,000, and that such amount should be dedicated to support activities that enable decision-making by local actors over how adaptation actions are defined, prioritized, designed and implemented;*

*(d) That the maximum size of the PFG for all regional projects, inclusive of the management fee, is set as follows:*

*i) For regional projects of US\$ 5,000,000 and above, and with less than three countries, the limit is set at US\$ 150,000;*

*ii) That this limit increase by US\$ 15,000 for each additional country involved, up to a maximum of US\$ 250,000;*

*(e) That requests for a PFG should be made at the same time as the submission of a project concept or pre-concept to the secretariat using the revised PFG form in annex I to document AFB/PPRC.33/40;*

*(f) That, for a PFG at the pre-concept stage, up to 20 percent of the maximum amount of the PFG set in out in subparagraphs (b), (c) and (d) above could be granted;*

*(g) That only activities that support project preparation and formulation would be eligible for PFG funding, as per paragraph 32 of document AFB/PPRC.33/40.*

**(Decision B.42/37)**

## **II. The Project Formulation Grant Request**

10. This addendum to the document AFB/PPRC/37/46 “Proposal for Large Innovation Project for Uruguay” 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 note for the large innovation project titled “Strengthening Urban Resilience in the Río Negro Basin through Nature-Based Solutions (NbS) for Climate Adaptation”. This proposal was submitted by Corporacion Nacional para el Desarrollo (CND), which is a National Implementing Entity of the Adaptation Fund, in time for consideration by the Adaptation Fund Board at its forty-sixth Board meeting.

11. 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 which include vulnerability and risk assessments for five regions, site selection, and stakeholder consultation. The proposed activities were aligned with the goal of the project and would develop the project proposal and stakeholder consultations.

12. 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 Form<sup>1</sup>**  
**Project Formulation Grant (PFG)**

**Submission Date:**

**Adaptation Fund Project ID:**

**Country/ies:** URUGUAY

**Title of Project/Programme:** Strengthening Urban Resilience in the Río Negro Basin through Nature-Based Solutions (NbS) for Climate Adaptation

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

**Implementing Entity:** Corporación Nacional para el Desarrollo (CND)

**Executing Entity/ies:** TBD

**A. Project Preparation Timeframe**

<b>Start date of PFG</b>	3/2026
<b>Completion date of PFG</b>	3/2027

**B. Proposed Project Preparation Activities (\$)**

<b>List of Proposed Project Preparation Activities</b>	<b>Output of the PFG Activities</b>	<b>US\$ Amount<sup>2</sup></b>	<b>Budget note<sup>3</sup></b>
Consultancy; Project Design firm	Complete draft of the full funding proposal, including all required annexes and guidelines for the evaluation process of nature-based solutions (NBS) project proposals.	42,000	International consultant fees based on market rates: 60 days US\$ 700.00/ day
Complete five vulnerability and Risk assessments for Trinidad, Young, Mercedes, Tacuarembó and Paso de los Toros. These are the preliminary studies	Five city-level vulnerability and risk assessments delivered.	46,750	National consulting firm cost based on previous assessments (Rivera and Durazno): 5 @ US\$ 9,350 each

<sup>1</sup> As presented in AFB/PPRC.33/40 Annex 1.

<sup>2</sup> VAT included.

<sup>3</sup> 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.

List of Proposed Project Preparation Activities	Output of the PFG Activities	US\$ Amount <sup>2</sup>	Budget note <sup>3</sup>
requested for the implementation of the NbS on output 1.2.1 of the concept note.  A gender-sensitive dimension will be incorporated into these assessments, in alignment with national gender and climate frameworks.			
Desing and site selection for NbS pilots in Durazno and Rivera on SUDS and green areas for NbS already identified in Durazno and Rivera, including cost estimates. (linked to outputs 1.1.1, 1.1.2, 1.1.3 and 1.1.4)	Four NbS pilots design and cost estimates.	40,500	Local consultant fees: 135 days US\$ 300.00/day.
Stakeholder Consultation Processes	One national validation workshop (≈ 20 participants)	2,000	Venue, facilitation, materials, and logistics for 1 national-level workshop.
	Three municipal consultation workshops (≈ 10 participants each)	6,000	Logistics for 3 municipal-level workshops.
Total PFG activities		137,250	
IE management fee	Fully developed FP submitted to the AF.	12,750	8.5% of the total formulation grant. Covers IE staff time for overall management, fiduciary, monitoring, and reporting.
<b>Total Project Formulation Grant</b>		150,000	

*Please describe below each of the PFG activities and provide justifications for their need and for the amount of funding required:*

The Project Formulation Grant (PFG) is requested to expand the information base and stakeholder engagement required for an innovation process. It will finance the key activities needed to prepare a robust, stakeholder-driven full innovation proposal and its supporting annexes.

The proponents will utilize PFG funds to hire a firm with proven experience structuring climate-change projects for the Adaptation Fund and/or the Green Climate Fund, which will field a **highly qualified team** in innovation processes to lead the project preparation processes including the preparation of the full proposal and requisite annexes and ensuring the articulation of all technical, financial, institutional aspects. The consultancy will also coordinate the integration of findings from climate-vulnerability and risk assessments into the proposal.

The Project Formulation Grant will enable a high level of stakeholder engagement. The project will integrate local perspectives through field consultations and align with national policies to ensure effective and

sustainable implementation. Stakeholder consultations and local workshops will be held in strategic cities within the Río Negro Basin. These will provide an opportunity to gather insights from municipal authorities, community representatives, and technical experts to best reflect local realities and needs. The process will culminate in a national validation workshop to review and incorporate stakeholder input into the proposal prior to submission. This step is essential to securing broad-based support and ensuring alignment with national strategies.

In parallel, the PFG will support the contracting of a specialized firm to complement five Vulnerability and Risk assessments for the cities of Trinidad, Young, Mercedes, Tacuarembó, and Paso de los Toros. These assessments will be based on the two recent assessments conducted for Durazno and Rivera under the Nature4Cities (N4C) project, whose recommendations informed the Concept Note for the Project and will build and use information and hydrological models existing for the target cities. Extending the evidence base to the remaining population centers above 10,000 people. These are essential to replicate the key climate risks previously identified for Durazno and Rivera with extremes such as, water scarcity, flooding, and extreme heat and cold waves to other cities. In addition, these assessments will incorporate a gender-sensitive analysis aligned with the SNRCC Gender and Climate Change Strategy, the ongoing Gender and Climate Change Action Plan, and the gender analysis developed under the N4C initiative. This will support the identification of gender-differentiated climate risks, needs and constraints in the five cities and will provide the basis for the full Gender Assessment and Gender Action Plan to be prepared during formulation. A PFG will support a more complete understanding of the vulnerabilities and risks in the Rio Negro Basin and will inform the types of innovations needed to adapt to climate change effects in those cities under the auspices of the Innovation Project. These innovations will be implemented under Output 1.2.1 and 1.2.2 during the project's execution phase. Additionally, the assessments will analyze the role of critical ecosystems in providing urban resilience benefits. The project design process will benefit from location-specific data and stakeholder inputs providing the evidence base for selecting priority interventions and Nature-based Solutions (NbS) to be proposed for the full project.

Local consultants will provide logistical and technical inputs and support throughout the formulation phase and will facilitate stakeholder engagement, field-level consultations, and support the synthesis of assessment findings into the proposal. The local perspective is important in relating the technical proposal to the realities of implementation on the ground where adaptation and Nature based Solutions are relatively unknown concepts.

A comprehensive validation workshop will serve as the final step in the proposal development process. This workshop will provide an opportunity to present the consolidated findings from the assessments and stakeholder consultations, allowing national and local actors to review and validate the proposed approach. The feedback gathered will be used to refine the project's objectives, expected outcomes, and implementation framework before submission to the Adaptation Fund.

Site selection and Design projects (Durazno and Rivera): The PFG will finance the development of four executive designs for priority NbS (e.g., vegetated waterways, bioretention systems, and green areas) previously identified in Durazno and Rivera. Deliverables will include detailed designs, bill of quantities and cost estimates, operation and maintenance guidelines, and stakeholder validation records. These executive projects will de-risk implementation of outputs 1.1.1, 1.1.2, 1.1.3 and 1.1.4 at full proposal stage and inform procurement planning and safeguards documentation.

Each of these activities is essential to ensure a well-structured, evidence-based, and participatory proposal. The engagement of consultants experienced in innovative processes, a targeted vulnerability and risk assessment process, and structured stakeholder consultations, and a validated proposal will collectively enhance the project's quality, feasibility, and alignment with national adaptation priorities. The requested funding for these activities is justified by the need for technical expertise, travel, and coordination efforts required to develop a comprehensive and fundable proposal that responds to the climate adaptation challenges faced by cities in the Río Negro Basin.

### 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
Ec. Rafael Laureiro, CND General Manager		10/06/2025	Ec. Luciana López, Environmental Programs Coordinator	+598 2916 2800 int. 285	llopez@cnd.org.uy