



ADAPTATION FUND

AFB/PPRC.35/32/Add.1
17 March 2025

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

Agenda Item 6h)

**PROJECT FORMULATION GRANT FOR
MONTENEGRO, NORTH MACEDONIA**

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.35/32 “Proposal for North Macedonia, Montenegro” 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 regional programme AF00000412 “*Integrated Drought Management in the Riverine Countries of the Drin Basin*”. This proposal was submitted by World Meteorological Organization (WMO), 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; and development of the 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: 6 August 2024

Adaptation Fund Project ID: AF00000412

Country/ies: North Macedonia, Montenegro

Title of Project/Programme: Integrated Drought Management in the riverine countries of the Drin basin

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

Implementing Entity: World Meteorological Organization (WMO)

Executing Entity/ies: Global Water Partnership - Mediterranean; NMHSs of North Macedonia and Montenegro

A. Project Preparation Timeframe

Start date of PFG	01 May 2025
Completion date of PFG	01 September 2025

B. Proposed Project Preparation Activities (\$)

List of Proposed Project Preparation Activities	Output of the PFG Activities	US\$ Amount	Budget note²
Support in writing of the project concept by external consultant	Project concept well-coordinated with country stakeholders and in line with AF rules and regulations	20,400 USD	Contracting of a consultant to support the coordination and writing of the concept at a daily rate of 400 USD for 51 days
Support of different experts within the implementing and executing entity in formulating the concept	Project concept in line with latest standards and state of the art methodologies	7,500 USD	Contracting of experts to provide matter expert advice for concept at a daily rate of 500 USD for 15 days
Implementing Entity Fee ³ (Administration and	Project concept coordinate and	1500	This will support the travel of the

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.

³ 7% Implementing Entity Management Fee of USD 2100 in total.

management of concept preparation)	submitted in time		consultant
		300	This will support WMO Human Resources Support for hiring a consultant
		300	This will support WMO Financial Administration for hiring a consultant
Total Project Formulation Grant		30,000	

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

- Stakeholder workshop:** A workshop will be organized in one of the countries and all relevant stakeholders from government, civil society, academia and private sector invited. In the preparation of the pre-concept, all main stakeholders that have already been engaged and this activity will build on this group and extend it. This will serve to identify and assess the needs of the different groups and make sure everything is well integrated into the project concept. In addition, it will help to strengthen the community to ensure in-time implementation of the project. The workshop will be cross-financed through other sources.
- Support in writing of the project concept by external consultant:** An external consultant will be hired to support the writing process and coordinate with all national and regional stakeholders as well as the executing entities. This will ensure that all needs and expectations are well coordinated with country stakeholders and in line with AF rules and regulations. The amount allows to hire a consultant for 50 days at a daily rate of USD 500.
- Support of different experts within the implementing and executing entity in formulating the concept:** Different experts of the implementing and executing entities will be engaged in the process of preparing the project concept, providing expert input on different fields like Early Warning Systems (EWS), Monitoring etc. This amount is to compensate the different departments internally.
- Administration and management of concept preparation:** WMO will facilitate the preparation of the concept note with necessary services.

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
Mr. Moyenda Chaponda	<i>Moyenda Chaponda</i>	6 August 2024	Mr. Robert Stefanski	+41 22 730 8305,	RStefanski@wmo.int

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Republic of North Macedonia
**Ministry of Environment
 and Physical Planning**

TO: Adaptation Fund Board
 c/o Adaptation Fund Board Secretariat
 email: Secretariat@Adaptation-Fund.org

No: 09-5372/2

Date: 24-07-2024

Subject: Endorsement Letter for the pre-concept note of "Integrated Drought Management for the riparian countries of the Drin Basin"

In my capacity as the designated authority for the Adaptation Fund in the Republic of North Macedonia, I confirm that the above regional project proposal aligns with the government's national and regional priorities in implementing adaptation activities to reduce adverse impacts and risks posed by drought to the Riparian countries of the Drin basin.

Accordingly, I am pleased to endorse the above project proposal with appreciation of the support from the Adaptation Fund. If approved, the project will be implemented by the World Meteorological Organization and executed by the Hydrometeorological Institute Skopje, as well as national and regional partners.

Sincerely,

Izet Mehxiti
 National Designated Authority
 Minister of Environment and Physical Planning
 Republic of North Macedonia





Republic of Montenegro
Ministry of Tourism, Ecology,
Sustainable Development and
Development of the Northern Region

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No: 01-011/24-1398/1
Podgorica, 8 July 2024

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U.S.A
Fax: +1 (202) 522-3240/5
Email: afbsec@adaptation-fund.org

Subject: Endorsement for the pre-concept note of "Integrated Drought Management in the riverine countries of the Drin basin" project

In my capacity as the designated authority for the Adaptation Fund in Montenegro, I confirm that the above regional project proposal aligns with the government's national and regional priorities in implementing adaptation activities to reduce adverse impacts and risks posed by drought to the Riparian countries of the Drin basin.

Accordingly, I am pleased to endorse the above project proposal with appreciation of the support from the Adaptation Fund. If approved, the project will be implemented by the World Meteorological Organization and executed by Hydrometeorological Institute of Montenegro as well as national and regional partners.

SECRETARY OF THE MINISTRY OF
TOURISM, ECOLOGY, SUSTAINABLE
DEVELOPMENT AND
DEVELOPMENT OF THE NORTHERN
REGION




Nikola Tomašević