



ADAPTATION FUND

AFB/PPRC.3/13
December 10, 2010

Adaptation Fund Board
Project and Programme Review Committee
Third Meeting
Cancun, December 13, 2010

PROPOSAL FOR NICARAGUA

I. Background

1. The Operational Policies and Guidelines for Parties to Access Resources from the Adaptation Fund, adopted by the Adaptation Fund Board, state in paragraph 41 that regular adaptation project and programme proposals, i.e. those that request funding exceeding US\$ 1 million, would undergo either a one-step, or a two-step approval process. In case of the one-step process, the proponent would directly submit a fully-developed project proposal. In the two-step process, the proponent would first submit a brief project concept, which would be reviewed by the Project and Programme Review Committee (PPRC) and would have to receive the approval by the Board. In the second step, the fully-developed project/programme document would be reviewed by the PPRC, and would finally require Board's approval.

2. The Templates Approved by the Adaptation Fund Board (Operational Policies and Guidelines for Parties to Access Resources from the Adaptation Fund, Annex 3) do not include a separate template for project and programme concepts but provide that these are to be submitted using the project and programme proposal template. The section on Adaptation Fund Project Review Criteria states:

For regular projects using the two-step approval process, only the first four criteria will be applied when reviewing the 1st step for regular project concept. In addition, the information provided in the 1st step approval process with respect to the review criteria for the regular project concept could be less detailed than the information in the request for approval template submitted at the 2nd step approval process. Furthermore, a final project document is required for regular projects for the 2nd step approval, in addition to the approval template.

3. The first four criteria mentioned above are:

1. Country Eligibility,
2. Project Eligibility,
3. Resource Availability, and
4. Eligibility of NIE/MIE.

4. Based on the Adaptation Fund Board Decision B.9/2, the first call for project and programme proposals was issued and an invitation letter to eligible Parties to submit project and programme proposals to the Adaptation Fund was sent out on April 8, 2010.

5. According to the paragraph 41 of the operational policies and guidelines, a project or programme proposal needs to be received by the secretariat not less than seven weeks before a Board meeting, in order to be considered by the Board in that meeting.

6. The following project proposal titled "Reduction of Risks and Vulnerability Based on Flooding and Droughts in the Estero Real River Watershed" was submitted by the United Nations Development Programme (UNDP), which is a Multilateral Implementing Entity of the Adaptation Fund. This is the second submission of this proposal. It was received by the secretariat in time to be considered in the 12th Adaptation Fund Board meeting. The secretariat carried out a technical review of the project concept, assigned to it the diary number AFB/MIE/Water/2010/1, and filled in a review sheet.

7. In accordance with a request to the secretariat made by the Adaptation Fund Board in its 10th meeting, the secretariat shared this review sheet with the UNDP, and offered it the

opportunity of providing responses before the review sheet was sent to the Project and Programme Committee of the Adaptation Fund.

8. The secretariat is submitting to the Project and Programme Review Committee the summary of the project, prepared by the secretariat, in Annex 1. The secretariat is also submitting to the Committee the technical review sheet and the responses provided by the UNDP, as confidential documents.

Project Summary

Nicaragua - Reduction of Risks and Vulnerability Based on Flooding and Droughts in the Estero Real River Watershed

Implementing Entity: UNDP

Project/Programme Execution Cost: USD 450,000

Total Project/Programme Cost: USD 5,070,000

Implementing Fee: USD 430,950

Requested Financing: USD 5,500, 950

Project Background and Context:

Nicaragua faces severe impacts related to extreme natural phenomena. Combined with already significant climate variability, socio-economic impacts are magnified by high levels of poverty. Climate variability, especially during El Niño-Southern Oscillation (ENSO) episodes, results in droughts that cause significant losses, particularly affecting the agricultural sector which provides employment for over 60% of the population and on which food security depends. During the wet season, devastating floods destroy harvests, infrastructure and housing. In a predominantly sub-humid tropical climate characterized by strong inter-annual variability, climate change trends pose a growing threat to continued development and to the wellbeing of poor rural communities in many areas. Current variability will be aggravated by climatic trends. The objective of the programme is to reduce risks from droughts and flooding generated by climate change and variability in the watershed of the Estero Real River. To reach the objective, the programme will rely upon a coordinated set of interventions designed to implement new public policies for addressing climate change by introducing agro-ecological practices and participatory watershed management in highly vulnerable rural communities. Through targeted investments in water retention, long-term farm planning, and institutional capacity building in local communities, municipalities and government agencies, the Programme will validate an adaptation scheme as a vehicle for implementation of the national climate change strategy.

Component 1: Investments in infrastructure for storing and using rain and surface water in eight micro-watersheds in the upper watershed of the Estero Real River. (USD 2,477,215)

This component aims to reduce the risk of climate induced water shortages for small scale domestic and productive uses.

Component 2: Introduction of climate resilient agro-ecological practices to make effective use of available water. (USD 1,302,785)

Climate change represents a serious threat to agricultural activities due to the close relation that exists between water and soil resources. Prolonged droughts weaken the biological basis of soil structure, and prolonged torrential storms erode weakened soils. To break the cycle of growing vulnerability in the communities in the Villanueva River basin, the hydraulic works financed in Component 1 will be important but not sufficient. To be effective, they must be selected, designed and used as tools in a series of fundamental changes in the activities of agricultural production. These changes must ensure more efficient use of water in all production processes, increase infiltration, strengthen soil structure, and stabilize slopes.

Component 3: Institutional development and capacity building in micro-watersheds, municipalities, and participating national institutions. (USD 400,000)

This component will enhance institutional capacities for the incorporation of climate change adaptation measures in work plans, policies, and normative instruments in the Villanueva River sub-watershed, and the watershed of the Estero Real River.

Component 4: Ongoing monitoring and analysis of climatic conditions and changes in land use, water flows and soil quality. (USD 440,000)

Component 4 will try to disseminate results and lessons learned about building climate change resilience in vulnerable rural communities.