



ADAPTATION FUND

AFB/PPRC.17/22
28 September 2015

Adaptation Fund Board
Project and Programme Review Committee
Seventeenth Meeting
Bonn, Germany, 6-7 October 2015

Agenda Item 7 b)

PROPOSAL FOR CHILE AND ECUADOR

Background

1. The strategic priorities, policies and guidelines of the Adaptation Fund (the Fund), as well as its operational policies and guidelines include provisions for funding projects and programmes at the regional, i.e. transnational level. However, the Fund has thus far not funded such projects and programmes.

2. The Adaptation Fund Board (the Board), as well as its Project and Programme Review Committee (PPRC) and Ethics and Finance Committee (EFC) considered issues related to regional projects and programmes on a number of occasions between the Board's fourteenth and twenty-first meetings but the Board did not make decisions for the purpose of inviting proposals for such projects. Indeed, in its fourteenth meeting, the Board decided to:

- (c) Request the secretariat to send a letter to any accredited regional implementing entities informing them that they could present a country project/programme but not a regional project/programme until a decision had been taken by the Board, and that they would be provided with further information pursuant to that decision*

(Decision B.14/25 (c))

3. In its eighth meeting in March 2012, the PPRC came up with recommendations on certain definitions related to regional projects and programmes. However, as the subsequent seventeenth Board meeting took a different strategic approach to the overall question of regional projects and programmes, these PPRC recommendations were not included in a Board decision.

4. In its twenty-fourth meeting, the Board heard a presentation from the coordinator of the working group set up by decision B.17/20 and tasked with following up on the issue of regional projects and programmes. She circulated a recommendation prepared by the working group, for the consideration by the Board, and the Board decided:

- (a) To initiate steps to launch a pilot programme on regional projects and programmes, not to exceed US\$ 30 million;*
- (b) That the pilot programme on regional projects and programmes will be outside of the consideration of the 50 per cent cap on multilateral implementing entities (MIEs) and the country cap;*
- (c) That regional implementing entities (RIEs) and MIEs that partner with national implementing entities (NIEs) or other national institutions would be eligible for this pilot programme, and*
- (d) To request the secretariat to prepare for the consideration of the Board, before the twenty-fifth meeting of the Board or intersessionally, under the guidance of the working group set up under decision B.17/20, a proposal for such a pilot programme based on consultations with contributors, MIEs, RIEs, the Adaptation Committee, the Climate Technology Centre and Network (CTCN), the Least Developed Countries Expert Group (LEG), and other relevant bodies, as appropriate, and in that proposal make a recommendation on possible options*

on approaches, procedures and priority areas for the implementation of the pilot programme.

(Decision B.24/30)

5. The proposal requested under (d) of the decision above was prepared by the secretariat and submitted to the Board in its twenty-fifth meeting, 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. Based on the Board Decision B.25/28, the first call for regional project and programme proposals was issued and an invitation letter to eligible Parties to submit project and programme proposals to the Fund was sent out on 5 May 2015.

7. According to the Board Decision B.12/10, a project or programme proposal needs to be received by the secretariat no less than nine weeks before a Board meeting, in order to be considered by the Board in that meeting.

8. The following project pre-concept document titled “Reducing climate vulnerability in urban and semi urban areas in cities in Latin America” was submitted by the *Banco de Desarrollo de America Latina* (CAF; Development Bank of Latin America), which is a Regional Implementing Entity of the Adaptation Fund.

9. This is the first submission of the proposal. It was received by the secretariat in time to be considered in the twenty-sixth Board meeting. The secretariat carried out a technical review of the project proposal, assigned it the diary number LAC/RIE/DRR/2015/1, and completed a review sheet.

10. In accordance with a request to the secretariat made by the Board in its 10th meeting, the secretariat shared this review sheet with CAF, and offered it the opportunity of providing responses before the review sheet was sent to the PPRC.

11. The secretariat is submitting to the PPRC the summary and, pursuant to decision B.17/15, the final technical review of the project, both prepared by the secretariat, along with the final submission of the proposal in the following section. In accordance with decision B.25.15, the proposal is submitted with changes between the initial submission and the revised version highlighted.

12. CAF has submitted a Project Formulation Grant Request, which is also included as an addendum to this document.

Project Summary

Chile and Ecuador – Reducing climate vulnerability in urban and semi urban areas in cities in Latin America

Implementing Entity: CAF

Project/Programme Execution Cost: US\$ 916,709

Total Project/Programme Cost: US\$ 11,122,365

Implementing Fee: US\$ 888,189

Financing Requested: US\$ 11,990,554

Project Background and Context:

This proposed project would have an emphasis on disaster risk reduction, and it would aim at directly reducing vulnerability and increasing the resilience of two (2) urban settings in Latin America, promoting the exchange of information and lessons learned, building networks and the development of a culture of adaptation solutions in urban areas throughout the region. The urban settings would include Santiago de Chile in Chile, and Esmeraldas in Ecuador. The objectives would be achieved through implementing the highest priority actions in order to reduce vulnerability and to increase adaptation capacity of the most vulnerable settings in each city (in the case Santiago de Chile this would mean restoring the degraded ecosystems of city's urban areas and outskirts and implementing green infrastructure, and in the case of Esmeraldas, implementing a multidimensional strategy (improving physical infrastructure, green infrastructure, conservation/recovery of ecosystems and risk zones). The project would also implement or enhance the Early Warning Systems that complement the priority actions, in order to foster risk reduction. In each city, 3 meteorological stations would be placed. For both cities, the project would implement communication and training actions in order to engage involved communities, authorities, and ensuring the sustainability of the results. It would also foster the exchange of information and lessons learned, network building, and the development of regional culture of adaptation solutions, through the development of a website that would facilitate dissemination and of coordinated joint planning.

Component 1: Priority actions (US\$ 9,264,453)

This component would implement the highest priority actions in order to reduce vulnerability and to increase adaptation capacity of the most vulnerable settings in each city. Santiago de Chile: restore the degraded ecosystems of city's urban areas and outskirts and implement green infrastructure. Esmeraldas: implement a multidimensional strategy (improving physical infrastructure, green infrastructure, conservation/recovery of ecosystems and risk zones). Each of the sets of priority actions would be focused on reducing the vulnerability of a critical risk zone: 1. Improving runoff system regulation and water infiltration, diminishing the formation and effects of flooding and regulating their effects, increasing the structural stability of the terrain in risk zones; 2. Improving the quality of life of at risk population; 3. Improving ecosystem services in risk areas; and 4. Improving local responsible authorities' capacity for decision-making.

Component 2: Early Warning Systems (US\$ 491,203)

This component would implement/enhance the Early Warning Systems that complement the priority actions, in order to foster risk reduction. In each city, place 3 meteorological stations.

Component 3: Knowledge Management (US\$ 250,000)

This component would implement communication and training actions for both cities, in order to engage involved communities, authorities, and ensure the sustainability of the results.

Component 4: Learning Networks Construction (US\$ 380,000)

This component would foster the exchange of information and lessons learned, network building, and the development of regional culture of adaptation solutions, through the development of a website that facilitates dissemination and of coordinated joint planning.



ADAPTATION FUND

ADAPTATION FUND BOARD SECRETARIAT TECHNICAL REVIEW OF PROJECT/PROGRAMME PROPOSAL

PROJECT/PROGRAMME CATEGORY: Pre-Concept for a Regional Project

Countries/Region: **Chile, Ecuador**
 Project Title: **Reducing climate vulnerability in urban and semi urban areas in cities in Latin America**
 Thematic focal area: **Disaster risk reduction and early warning systems**
 Implementing Entity: **Corporación Andina de Fomento (CAF)**
 Executing Entities: **Ministry of the Environment (Chile), Ministry of the Environment (Ecuador)**
 AF Project ID: **LAC/RIE/DRR/2015/1**
 IE Project ID: Requested Financing from Adaptation Fund (US Dollars): **11,216,508**
 Reviewer and contact person: **Mikko Ollikainen** Co-reviewer(s): **Christian Severin, Daouda Ndiaye**
 IE Contact Person: **Maria Carolina Torres**

Review Criteria	Questions	Comments on 25 August 2015	Comments on 15 September 2015
Country Eligibility	1. Are all of the participating countries party to the Kyoto Protocol?	Yes.	
	2. Are all of the participating countries developing countries particularly vulnerable to the adverse effects of climate change?	Yes.	
Project Eligibility	1. Have the designated government authorities for the Adaptation Fund from each of the participating countries endorsed the project/programme?	Yes.	
	2. Has the pre-concept provided necessary information on the problem the proposed project/programme is aiming to solve, including both the regional and the country perspective?	Yes.	

	3. Have the project/programme objectives, components and financing been clearly explained?	Yes.	
	4. Has the project/programme been justified in terms of how: <ul style="list-style-type: none"> - it supports concrete adaptation actions? - it builds added value through the regional approach? - it promotes new and innovative solutions to climate change adaptation? - it is cost-effective? - it is consistent with applicable strategies and plans? - it incorporates learning and knowledge management? - it will be developed through a consultative process with particular reference to vulnerable groups, including gender considerations, in compliance with the Environmental and Social Policy of the Adaptation Fund? - it will take into account sustainability? 	<p>Not very well justified:</p> <p>The two cities planned to be targeted by the proposed project are very different and it is difficult to see how their collaboration would be mutually beneficial. As noted in the pre-concept, their climate risks and socio-economic realities are different. This may not facilitate cross learning.</p> <p>The size difference of the two cities, one being a small city of less than 200,000 inhabitants, and the other the main urban centre of its country with nearly 7,000,000 inhabitants, may cause imbalance.</p> <p>The activities in the two urban areas seem mostly separate and it is difficult to see what the added value from collaboration is.</p> <p>The innovativeness of the approach is not very clear</p>	<p>Not well addressed. The argument is given that all kinds of cities are vulnerable to climate change is not very strong.</p> <p>Same as above.</p> <p>Exchange visits have been added to bolster regional approach but this seems inadequate.</p>

	5. Does the pre-concept briefly explain which organizations would be involved in the proposed regional project/programme at the regional and national/sub-national level, and how coordination would be arranged? Does it explain how national institutions, and when possible, national implementing entities (NIEs) would be involved as partners in the project?	Yes. However, the potential role that the AF NIE for Chile could take as a partner of the project could also be explained, if any.	Not addressed.
Resource Availability	6. Is the requested project / programme funding within the funding windows of the pilot programme for regional projects/programmes?	Yes.	
	7. Are the administrative costs (Implementing Entity Management Fee and Project/ Programme Execution Costs) at or below 20 per cent of the total project/programme budget?	Yes.	
Eligibility of IE	8. Is the project/programme submitted through an eligible Implementing Entity that has been accredited by the Board?	Yes.	

Technical Summary	<p>With an emphasis on disaster risk reduction, the project aims at directly reducing vulnerability and increasing the resilience of two (2) urban settings in Latin America, promoting the exchange of information and lessons learned, building networks and the development of a culture of adaptation solutions in urban areas throughout the region.</p> <p>Component 1 Objective: Implement the highest priority actions in order to reduce vulnerability and to increase adaptation capacity of the most vulnerable settings in each city. Santiago de Chile: restore the degraded ecosystems of city's urban areas and outskirts and implement green infrastructure. Esmeraldas: implement a multidimensional strategy (improving physical infrastructure, green infrastructure, conservation/recovery of ecosystems and risk zones).</p> <p>Component 2 Objective: Implement/enhance the Early Warning Systems that complement the priority actions, in order to foster risk reduction. In each city, place 3 meteorological stations.</p>
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	<p>Component 3 Objective: For both cities, implement communication and training actions in order to engage involved communities, authorities, and ensure the sustainability of the results.</p> <p>Component 4 Objective: Foster the exchange of information and lessons learned, network building, and the development of regional culture of adaptation solutions, through the development of a website that facilitates dissemination and of coordinated joint planning.</p> <p>The initial technical review found that the proposal presented an interesting case of working with two cities in two South American countries. While the planned project activities were described relatively clearly, the justification for implementing those as a regional project was not very strong.</p> <p>The two cities planned to be targeted by the proposed project, Esmeraldas (Ecuador) and Santiago (Chile) are very different and it is difficult to see how their collaboration would be mutually beneficial. As noted in the pre-concept, their climate risks and socio-economic realities are different. This may not facilitate cross learning.</p> <p>The size difference of the two cities, one being a small city of less than 200,000 inhabitants, and the other the main urban centre of its country with nearly 7,000,000 inhabitants, may cause imbalance.</p> <p>The activities in the two urban areas, as described in the project activities table, seem mostly separate and it is difficult to see what the added value from collaboration is. The innovativeness of the approach is not very clear.</p> <p>The final technical review found that most of the issues identified in the initial technical review had not been addressed.</p>
Date:	25 August 2015



ADAPTATION FUND

PRE-CONCEPT FOR A REGIONAL PROJECT**PART I: PROJECT INFORMATION**

Project Title:	Reducing climate vulnerability in urban and semi urban areas in cities in Latin America
Countries:	Chile, Ecuador
Thematic Focal Area:	Disaster risk reduction and early warning systems
Type of Implementing Entity:	Regional Implementing Entity (RIE)
Implementing Entity:	CAF, Development Bank of Latin America
Executing Entities:	Ministry of the Environment (Chile), Ministry of the Environment (Ecuador)
Amount of Financing Requested:	11,216,508.00 (in U.S Dollars Equivalent)

Project / Programme Background and Context: Latin America is the most urbanized region in the world, with 80% of its almost 600 million people living in cities, and with 111 million people living in informal settlements, in conditions accentuated by poverty and inequality that make them highly vulnerable to disasters.¹ In the region, until recently, adaptation efforts were mainly concentrated in the agricultural sector, while the interest of governments in addressing vulnerability and risk management is recent and, in many cases, incipient. This regional project aims at developing concrete adaptation actions in the context of cities, with particular emphasis on disaster prevention. While the problems of climate change in Latin American cities, like the threat of disasters, have features in common such as accelerated urbanization, they also have significant differences regarding the characteristics of their natural and cultural environments.

This project includes the cities of Esmeraldas (Ecuador) and Santiago (Chile), two cities that urgently need to reduce vulnerability to disaster risks, and that represent differing climate risks and socio-economic realities that other major Latin American cities are facing under the threat from climate change. The intention of the project is that other countries in the region gain access to a diverse spectrum of benchmark experiences and lessons learned, to develop and apply adaptation actions in their own vulnerable areas in order to reduce disaster risks.

Context: On a scale of 1 to 10 (the low end points toward extreme vulnerability, and the high end to low vulnerability) it was determined that Ecuador's place on the vulnerability index is 4.3², while Esmeraldas' place has been recorded at 1.94 (extreme)². The city of Esmeraldas in Ecuador, with a population of 174,125 inhabitants, is located on the northern coast of the Pacific Ocean. Its proximity to both the ocean and the Esmeraldas River makes the city vulnerable to a rise in sea level and flooding. The city also faces risks related to landslides exacerbated by deficient land use planning and high levels of poverty, and is at risk of losing between 3 and 6% of the city's infrastructure to sea-level rise. Rapid economic growth and disorganized physical expansion has caused buildings to be located in areas at risk of landslides and floods, affecting the most

¹ ELLA (Evidence and Lessons from America Latina. Urban Disaster Risk Management in Latin American Cities. http://ella.practicalaction.org/sites/default/files/130617_ENV_DisRisManCit_GUIDE.pdf, Consulted July 2015.

² CAF. Index of vulnerability and Adaptation to Climate Change in Latin America and the Caribbean. 2014. <http://scioteca.caf.com/handle/123456789/517>

vulnerable people with limited access to basic services. More than 80% of the population in the area is under threat from at least one of: seismic events, landslides, or floods.

For Chile, the national vulnerability index is 9.54³, and the Metropolitan Region of Santiago is 8.3³ and that of Santiago proper is 5.7 (mean).³ Santiago de Chile, the country's main urban center, accounts for 40% of the population (6,683,852 inhabitants) and has the highest national population density (433.9 inhabitants/km²). Made up by the *comunas* with the higher population densities, the city's eastern urban area is threatened by disasters. Santiago's rapid growth has also given rise to informal settlements in areas where rainfall drainage is poor or the natural watercourses have been modified, and where flood risk increases with heavy rainfall. In the area located in the Andean foothills, where 1,400,000 people live, the risks of landslides, alluvial and floods are high. There are historical precedents with thousands of disaster victims.

Project / Programme Objectives: With an emphasis on disaster risk reduction, the project aims at directly reducing vulnerability and increasing the resilience of two (2) urban settings in Latin America, promoting the exchange of information and lessons learned, building networks and the development of a culture of adaptation solutions in urban areas throughout the region.

Component 1 Objective: Implement the highest priority actions in order to reduce vulnerability and to increase adaptation capacity of the most vulnerable settings in each city. Santiago de Chile: restore the degraded ecosystems of city's urban areas and outskirts and implement green infrastructure. Esmeraldas: implement a multidimensional strategy (improving physical infrastructure, green infrastructure, conservation/recovery of ecosystems and risk zones).

Component 2 Objective: Implement/enhance the Early Warning Systems that complement the priority actions, in order to foster risk reduction. In each city, place 3 meteorological stations.

Component 3 Objective: For both cities, implement communication and training actions in order to engage involved communities, authorities, and ensure the sustainability of the results.

Component 4 Objective: Foster the exchange of information and lessons learned, network building, and the development of regional culture of adaptation solutions, through the development of a website that facilitates dissemination and of coordinated joint planning.

Project / Programme Components and Financing: ([see the table on the following page](#))

PART II: PROJECT JUSTIFICATION

The project components.

- **Component 1.** Each of the sets of priority actions is focused on reducing the vulnerability of a critical risk zone: 1. Improving runoff system regulation and water infiltration, diminishing the formation and effects of flooding and regulating their effects, increasing the structural stability of the terrain in risk zones 2. Improving the quality of life of at risk population. 3. Improving ecosystem services in risk areas. 4. Improving local responsible authorities' capacity for decision-making.
- **Components 2 and 3.** Improvement and expansion of already existing monitoring networks. Awareness-raising and strengthening of the capacities of local residents.
- **Component 4.** The availability of a mechanism that facilitates the exchange of information and lessons learned, at the level of Latin America, will reduce the learning curve in other projects, and stimulate the development of networks and of a regional adaptation culture.

³ CAF. Index of vulnerability and Adaptation to Climate Change in Latin America and the Caribbean. 2014. <http://scioteca.caf.com/handle/123456789/517>

Project Components	Expected Outcomes	Expected Outputs	Countries	(US\$)
Component 1. Priority Actions			Chile, Ecuador	
SC 1.1 Degraded eco-systems restoration.	1. Increased containment capacity; 2. Reduction of 3 types of risks.	1. 130 ha Forestation. 2. Management of native forests. 3. Soil protection.	Chile	4.765.840
SC 1.2 Green infrastructure in risk areas.	1. Control of natural flows. 2. Establishing a biological corridor.	1. Design and implementation of several works of green infrastructure.	Chile	1.588.613
SC 1.3. Capacity strengthening-local government.	Providing technical planning tools to improve response ability.	1. Socio-econ & relocation evaluation. 2. Local staff training.	Ecuador	650.000
SC 1.4. Measures for increasing resilience.	Reducing exposure of highly vulnerable zones residents	Design, feasibility analysis and implementation of the adaptation measures.	Ecuador	2.260.000
Component 2. Early Warning Systems			Chile, Ecuador	
SC 2.1 Santiago. Meteor. variables enhancement	Improvement of monitoring capacity of meteorological variables	Placement of 3 meteorological stations in key points	Chile	111.203
SC 2.2 Esmeraldas Early Climate Warning System	Improvement of response ability.	Installation of an Early Climate Warning System (emergency Room)	Ecuador	380.000
Component 3. Knowledge Management			Chile, Ecuador	
SC 3.1 Santiago	Awareness-raising about conservation initiatives preservation	Dissemination of information to integrate the target population.	Chile	40.000
SC 3.2 Esmeraldas. Capacity strengthening of local residents	Awareness-raising: local adaptation and climate risk reduction	3.1. Communication strategy 3.2. Awareness campaign (floods and landslides)	Ecuador	210.000
Component 4. Learning Networks Construction			Chile, Ecuador	
Subcomponent 4.1 Dissemination Web Portal	Guarantee the dissemination of lessons learned and enable communication about them.	Design/implement a web portal for disseminating information about the projects, their processes and lessons learned		80.000
Regional exchange visits to demonstration sites	Guarantee the direct contact and learning from the implementation processes.	Implement a series of process learning visits from interested countries.	Demonst. Sites: Chile Ecuador; visitors: Latam	200.000
Integration Committee	Guarantee the exchange of experiences and lessons learned among project executors	1 Annual report of evaluation, feedback and lessons learned from each project		100.000
				10.385.656
6. Project/Programme Execution cost				
7. Total Project/Programme Cost				
8. Project/Programme Cycle Management Fee charged by the Implementing Entity (if applicable)				830.852
Amount of Financing Requested				11.216.508

Project Duration: 5 years

How the project will promote new and innovative solutions to climate change adaptation

The added value of the regional approach is crucially tied to the distinct socio-economic and political situation of the selected cities. In Latin America, the challenge of urban adaptation does not discriminate by city size: urban dwellers in large, medium and small cities face similar climate risks, while non-capital cities do not benefit from the governance and investment that capital cities enjoy, rendering them highly vulnerable. With this reality in mind, the project carefully focuses on overcoming vulnerability in cities from contrasting socio-economic and political realities. In doing so, the intention is that a wide variety of vulnerable urban areas in other Latin American cities see the applicability of the lessons compiled and learned from the adaptation solutions in Santiago and Esmeraldas. The fourth component of the project is founded on generating a culture of adaptation based on the concrete experiences of these two cities. From that basis, large, medium and small cities throughout the continent will improve their opportunities to implement tangible adaptation solutions in their own cities.

The cost-effectiveness of the proposed project: The planned actions are priority actions proposed by the stakeholders of each of the urban areas of intervention. The alternative of undertaking these measures are the postponement of the measure or its non-execution, alternatives that extend all risk scenarios, including social and economic. What is more, during the specific design and implementation, the particular technical solutions (for example the species to be emphasized for recovery) will be based on a documented selection of alternatives that includes among its main criteria the cost effectiveness from the adaptation perspective, cost reduction, consistency with the preceding developments and guarantees of sustainability.

How the project would be consistent with national or sub-national sustainable development strategies... regional plans and strategies: In the cases of Santiago and Esmeraldas, the executing entity is the primary environmental authority on the national level. These links give guarantee of knowledge and the capacity to coordinate each project with these frameworks. In terms of the project idea, each city has identified and articulated its connections and has documented them. For both cities, the project alignment with several plans and programs at the regional and local levels have been verified by the responsible authorities.

The learning and knowledge management component: For both cities, a component of the project will develop communication and awareness actions targeting at-risk communities, concerning risk management in the project's framework and the sustainability of the project's results. The integration committee's role has already been described in the capture and outreach dynamic of the lessons learned in the joint framework of the various components.

The consultative process, planned to be undertaken during project preparation: CAF will carry out a Preliminary Environmental and Social Assessment and from this assessment a specific S&E Management Plan will be prepared for the activities in each city. The Management Plan will include guidelines for the consultation, for the relationship with vulnerable groups and for gender issues and for the environmental aspects that are merited. Compliance will be obligatory and will be monitored and supervised by CAF (The guidelines mentioned will take into account the demands of the AF's E&S Policy, and CAF's E&S Safeguards).

Sustainability of the project outcomes while designing the project: The sustainability of the outcomes will be guaranteed by the commitment of the local authorities, the improved awareness around disaster risk and adaptation, which is an integral component of the project. Moreover, the fact that the project is regional in scale, with an intentionally diverse selection of cities that cover varying terrains and risk profiles, will enhance the opportunities for scaling-up through other cities that follow the best practices and lessons learned from the project.

How the project would provide economic, environmental and social (E&S) benefits: In each city, the project will provide to the most vulnerable communities different economic, social and environmental benefits. In Esmeraldas, the relocation of families at risk will allow them to directly reduce their risk exposure and benefit from a better quality of life (the new housing location will include minimum standards of basic services access). In their resettlement processes CAF will require compliance with the requirements of the E&S Policy of the Adaptation Fund. In Santiago, communities with high risk exposure will benefit from a reduction in the vulnerability of their living spaces and an improved urban environment. In addition, to avoid or mitigate potential E&S impacts, in accordance with the E&S Policy of the AF, CAF will conduct a Preliminary E&S Assessment and an E&S Management Plan will be prepared specific to the activities of each city. CAF expects that the entire project will be graded in Category B for E&S risks and impacts. This will be verified prior to concept development phase.

How would the project meet relevant national technical standards, and how would it comply with the Environmental and Social Policy of the Adaptation Fund? The answer to this item is contained in the answers to the previous item and the item referring to the consultation process. The implementing environmental authorities of each of the developments in each city will ensure compliance with the standards and regulations, to be verified by CAF.

Duplication of project / programme with other funding sources: In none of cases is there any duplication of funding sources. In both cases, the scope of related projects preceding or in course will be documented with the aim of proving the assertion.

Justification for requested funding, based on reasoning of the total cost of adaptation)

The two cities have been assigned a strategic role in their specific regional development, for which the requirements for investment in different variables is a challenge. While it is true that adaptation actions are being increasingly positioned, the dominant planning culture does not yet prioritize them from a budgetary view, while risk exposure is maintained, and even increased due to the ongoing deterioration of ecosystems and anthropogenic systems. The investments proposed in this project, given their focus on adaptation actions, can contribute both to reducing the vulnerability of communities at risk, as well as to positioning in the planning and management schemes the value and prioritization of adaptive management for balanced development. Such investments have an opportunity value, as such implementation under other financing frameworks may have to wait one or more administrative cycles (4 to 8 years), until its promoters succeed among their local authorities. Strengthening the capacities of the strategically positioned authorities is a way to boost the development of adaptation activities.

The environmental and social impacts and risks identified as being relevant to the project/programme: The project has been categorized as B with respect to potential E&S impacts that it could generate. In the subsequent development of the proposal this will formally confirmed and the possible existence of pertinent E&S risks from project activities will be evaluated. At present, it is expected that there may be some risks in the following aspects: 1. Institutional and political instability; 2. Project acceptance on the part of the population.

PART III: IMPLEMENTATION ARRANGEMENTS

1. In both cities execution will be the responsibility of the Ministries of the Environment, who will coordinate with entities and authorities responsible for risk management and the development and operation of early warning system networks and urban development. 2. The Integration Committee has planned responsibilities at the level for the assessment, uptake and report of lessons learned, for institutional strengthening management, and at the level of evaluation with non-mandatory results (concepts, recommendations) during the project's closure stages.

PART IV: APPROVAL BY GOVERNMENTS AND CERTIFICATION IMPLEMENTING ENTITY

- A. **Record of endorsement on behalf of the government⁴** (Provide the name and position of the government official and indicate date of endorsement for each country participating in the proposed project/programme. Add more lines as necessary. The endorsement letters should be attached as annexes to the project/programme proposal).

<i>Gladys Santis, Adaptation Officer, Climate Change Office, Ministry of Environment of Chile</i>	Date: July, 27, 2015
<i>Lorena Tapia, Ministra del Ambiente del Ecuador</i>	Date: July, 24, 2015

- B. **Implementing Entity certification** (Provide the name and signature of the Implementing Entity Coordinator and the date of signature. Provide also the project/programme contact person's name, telephone number and email address).

<p>I certify that this proposal has been prepared in accordance with guidelines provided by the Adaptation Fund Board, and prevailing National Development and Adaptation Plans (Regional Development Strategy of the Metropolitan Region of Santiago 2012-2021 (Chile); Regional Strategy for the Conservation of Biodiversity RMS 2015-20 (Chile); Plan for Adaptation to Climate Change within Biodiversity 2014 (Chile); National Plan for Good Living 2013-2017 (Ecuador); National Climate Change Strategy 2012-2025 (Ecuador) and subject to the approval by the Adaptation Fund Board, <u>commit to implementing the project/programme in compliance with the Environmental and Social Policy of the Adaptation Fund</u> and on the understanding that the Implementing Entity will be fully (legally and financially) responsible for the implementation of this project/programme.</p>	
<p><i>Ligia Castro</i> <i>Dirección de Ambiente y Cambio Climático</i> Implementing Entity Coordinator</p>	
Date: August, 4 th , 2015	Tel. and email: lcastro@caf.com +58.212.209.66.34
Project Contact Person: María Carolina Torres	
Tel. And Email: mctorres@caf.com +571.743.73.68	

Each Party shall designate and communicate to the secretariat the authority that will endorse on behalf of the national government the projects and programs proposed by the implementing entities.



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Letter of Endorsement by Government

Government of Chile
Ministry of Environment

Santiago de Chile, 27th July, 2015

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

Subject: Endorsement for Regional Project Reducing climate vulnerability in urban and semi urban areas in three cities in Latin America

In my capacity as designated authority for the Adaptation Fund in Chile, I confirm that the above regional project proposal is in accordance with the government's national priorities in implementing adaptation activities to disaster risk reduction and early warning systems of Chile.

Accordingly, I am pleased to endorse the above project/programme proposal with support from the Adaptation Fund. If approved, the project will be implemented by CAF-banco de Desarrollo de America Latina and executed by Ministry of Environment.

Sincerely,

Ms. Gladys Santis
Adaptation Officer
Climate Change Office
Ministry of Environment of Chile





ADAPTATION FUND

Letter of Endorsement by Government

Government of Ecuador
Ministry of Environment

Quito, 24th July, 2015

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

Subject: Endorsement for Regional Project *Reducing climate vulnerability in urban and semi urban areas in three cities in Latin America*

In my capacity as designated authority for the Adaptation Fund in Ecuador, I confirm that the above regional project proposal is in accordance with the government's national priorities in implementing adaptation activities to disaster risk reduction and early warning systems of Ecuador.

Accordingly, I am pleased to endorse the above project/programme proposal with support from the Adaptation Fund. If approved, the project will be implemented by CAF-banco de Desarrollo de America Latina and executed by Ministry of Environment

Sincerely,

Ms. Lorena Tapia
Minister of Environment