



ADAPTATION FUND

AFB/PPRC.21/28
26 September 2017

Adaptation Fund Board
Project and Programme Review Committee
Twenty-First Meeting
Bonn, Germany, 10-11 October 2017

Agenda Item 7 a)

PROPOSAL FOR ARGENTINA AND URUGUAY

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. In its twenty-sixth meeting the Board decided to *request the secretariat to inform the Multilateral Implementing Entities and Regional Implementing Entities that the call for proposals under the Pilot Programme for Regional Projects and Programmes is still open and to encourage them to submit proposals to the Board at its 27th meeting, bearing in mind the cap established by Decision B.25/26.*

(Decision B.26/3)

8. In its twenty-seventh meeting the Board Board decided to:

- (a) *Continue consideration of regional project and programme proposals under the pilot programme, while reminding the implementing entities that the amount set aside for the pilot programme is US\$ 30 million;*
- (b) *Request the secretariat to prepare for consideration by the Project and Programme Review Committee at its nineteenth meeting, a proposal for prioritization among regional project/programme proposals, including for awarding project formulation grants, and for establishment of a pipeline; and*
- (c) *Consider the matter of the pilot programme for regional projects and programmes at its twenty-eighth meeting.*

(Decision B.27/5)

9. The proposal requested in (b) above was presented to the nineteenth meeting of the PPRC as document AFB/PPRC.19/5. The Board subsequently decided:

- a) *With regard to the pilot programme approved by decision B.25/28:*
- (i) *To prioritize the four projects and 10 project formulation grants as follows:*
 - 1. *If the proposals recommended to be funded in a given meeting of the PPRC do not exceed the available slots under the pilot programme, all those proposals would be submitted to the Board for funding;*
 - 2. *If the proposals recommended to be funded in a given meeting of the PPRC do exceed the available slots under the pilot programme, the proposals to be funded under the pilot programme would be prioritized so that the total number of projects and project formulation grants (PFGs) under the programme maximizes the total diversity of projects/PFGs. This would be done using a three-tier prioritization system: so that the proposals in relatively less funded sectors would be prioritized as the first level of prioritization. If there are more than one proposal in the same sector: the proposals in relatively less funded regions are prioritized as the second level of prioritization. If there are more than one proposal in the same region, the proposals submitted by relatively less represented implementing entity would be prioritized as the third level of prioritization;*
 - (ii) *To request the secretariat to report on the progress and experiences of the pilot programme to the PPRC at its twenty-third meeting; and*
- b) *With regard to financing regional proposals beyond the pilot programme referred to above:*
- (i) *To continue considering regional proposals for funding, within the two categories originally described in document AFB/B.25/6/Rev.2: ones requesting up to US\$ 14 million, and others requesting up to US\$ 5 million, subject to review of the regional programme;*
 - (ii) *To establish two pipelines for technically cleared regional proposals: one for proposals up to US\$ 14 million and the other for proposals up to US\$ 5 million, and place any technically cleared regional proposals, in those pipelines, in the order described in decision B.17/19 (their date of recommendation by the PPRC, their submission date, their lower “net” cost); and*
 - (iii) *To fund projects from the two pipelines, using funds available for the respective types of implementing entities, so that the maximum number of or maximum total funding for projects and project formulation grants to be approved each fiscal year will be outlined at the time of approving the annual work plan of the Board.*

(Decision B.28/1)

10. 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.

11. The following project pre-concept document titled “Climate change adaptation in vulnerable coastal cities and ecosystems of the Uruguay River” was submitted by the Latin American Development Bank (CAF), which is a Regional Implementing Entity of the Adaptation Fund.

12. This is the first submission of the regional project pre-concept. It was received by the secretariat in time to be considered in the thirtieth Board meeting. The secretariat carried out a technical review of the project proposal, assigned it the diary number LAC/RIE/DRR/2017/1, and completed a review sheet.

13. 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.

14. 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.

Project Summary

Argentina and Uruguay - Climate change adaptation in vulnerable coastal cities and ecosystems of the Uruguay River

Implementing Entity: CAF

Project/Programme Execution Cost: US\$ 500,000

Total Project/Programme Cost: US\$ 2,962,960

Implementing Fee: US\$ 1,037,036.80

Financing Requested: US\$ 13,999,996.80

Project Background and Context:

The implementation area of the Project is focused in the littoral area of the Uruguay River, including vulnerable coastal cities and ecosystems of the Argentinean and Uruguayan territories. The Project aims to build resilience in these vulnerable coastal cities and ecosystems throughout the Uruguay River, both in Argentinean and Uruguayan territories by developing shared instruments, tools and experiences for CC and climate variability planning and management. Due to the more frequent and severe storms and floods, exacerbated by CC, which bring stronger effects on the population, damages to infrastructure and great economic losses, it is utmost important to manage and orientate the adaptation process in the local and regional levels by policies and plans that consider the CC perspectives and the communities and ecosystem's vulnerability.

Component 1: Territorial Planning and Risk Management (US\$ 2,000,000)

This component will empower Departmental and Provincial governments by including CC scenarios in their planning and management instruments and also by the increase of their institutional capacities. It will also support Argentinean and Uruguayan governments in updating and executing adaptation measures in a coordinated way.

Component 2: Priority actions to increase urban resilience (US\$ 6,000,000)

Through this component, selected littoral cities of the Uruguay River will increase their resilience to CC by implementing urban, environmental, social, economic and financial adaptation measures. This includes the restoration of vacant land from resettlement, urban sustainable infrastructure for new resettlements' technical assistance, design and implementation, including water supply and sewage system adapted to the new climate conditions, as well as the design and implementation of financial (revolving funds, insurance, among others), normative and housing improvement instruments for medium and high risk zones for CCA.

Component 3: CCA measures regarding vulnerable ecosystem's conservation throughout Uruguay River (US\$ 3,062,960)

Through this component, CC adaptation measures will be implemented in both sides of the Uruguay River, including ecosystem-based measures that increase resilience. Ecosystem services and co-benefits, and the contribution to CCA of the Uruguay River 's coast ecosystems' will be evaluated and mapped. Coastal pilot interventions addressing erosion / sedimentation and

other impact and execution of new ecosystem-based CCA strategies will be designed and implemented.

Component 4: Priority measures to increase social resilience (USD 1,400,000)

Through this component, awareness actions will be carried out involving civil society and local actors to improve the sustainability of the CCA measures and ensure their appropriation by the community. Social networks will be empowered through exchanges on CCA and local risk management strategies. Existing networks will be empowered by sharing local experiences. Strategies of social vulnerability reduction by labour reconversion for resettled families will be developed, and communication and diffusion strategy for the reduction of social vulnerability will be implemented. Lastly, information, instruments and best practices regarding the health aspect associated to CC will be shared.



ADAPTATION FUND

ADAPTATION FUND BOARD SECRETARIAT TECHNICAL REVIEW OF PROJECT/PROGRAMME PROPOSAL

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

Countries/Region: **Argentina, Uruguay**

Project Title: **Climate change adaptation in vulnerable coastal cities and ecosystems of the Uruguay River**

Thematic focal area: **Disaster risk reduction and early warning systems**

Implementing Entity: **Latin American Development Bank (CAF)**

Executing Entities: **Ministry of Environment and Sustainable Development of Argentina; Ministry of Housing, Land Planning and Environment of Uruguay**

AF Project ID: **LAC/RIE/DRR/2017/1**

IE Project ID:

Requested Financing from Adaptation Fund (US Dollars): **13,999,996.80**

Reviewer and contact person: **Daouda Ndiaye**

Co-reviewer(s): **Christian Severin**

IE Contact Person(s): **Carolina Cortés Cardona**

Review Criteria	Questions	Comments on 19 August 2017	Comments on 14 Sept 2017
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. In particular, the target area, the littoral area of the Uruguay River, including vulnerable coastal cities and ecosystems of the Argentinean and Uruguayan territories, is very vulnerable to flooding as one of the main hydro climatic threats, which is aggravated by the effects of climate change. This results in more frequent floods as precipitation increase and increased droughts in moments of low precipitations in the area. CC scenarios present a tendency towards more extreme precipitations, with increases in the frequency and magnitude of overflows and floods, and therefore of the social and economic adverse effects.	
Project Eligibility	1. Have the designated government authorities for the Adaptation Fund from each of the participating countries endorsed the project/programme?	Yes.	

	<p>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?</p>	<p>Yes. The Project aims to build resilience in flood- and drought-prone vulnerable coastal cities and ecosystems throughout the Uruguay River, both in Argentinean and Uruguayan territories by implementing adaptation actions (i.e. urban sustainable infrastructure for new resettlements, ecosystem restoration, etc), developing shared instruments (i.e. early warning systems, revolving funds, insurance, etc), tools, and experiences for climate change and climate variability planning and management.</p> <p>However, the proposal should provide a stronger rationale both in relation to the climate related threats, i.e. floods and droughts, that are identified and the relevant set of measures that will help address those threats, including the establishment of an Early Warning System, ecosystem-based measures and investments in climate-resilient urban infrastructure, while being more specific on the nature of these measures. CR1</p> <p>it is noted that the regional project only includes two of the three countries in the Uruguay river basin. Please clarify why all countries are not included, especially</p>	<p>CR1: Partially addressed. The drought-related threats and related measures are not well explained. The proposal should either emphasize drought related measures or focus its objective on flood-related measures.</p> <p>CR2: Addressed. However, please consider involving the third country, to address non-climatic threats to the management of the Uruguay River that might jeopardize the project's outcomes or affect their sustainability, including the construction of potential Dams upstream the Uruguay river. The concept document could include or participate in activities aiming at developing regional mechanisms for collaboration towards strengthening the climate resilience in the Uruguay River.</p> <p>CR3: Addressed. To be more detailed at the concept and fully-developed project document stage, including through the description of the synergies and</p>
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		<p>seen in the light that the third country is the most upstream and hence activities in the upper part of the basin may have large implications on the lower levels of the river. CR2</p> <p>CR3: Please clarify how the non-climatic drivers, upstream and downstream of the Uruguay River, of the identified threats are currently or will be tackled through this or other interventions in the region. This includes man-made activities and alterations on the river flow regime.</p> <p>CR4: The pre-concept should better explain why the proposed investments will be more effective through a regional approach, compared to national implementation, especially in the context of a transboundary river.</p>	<p>complementarities to be sought with other relevant initiatives.</p> <p>CR4: Addressed. To be better explained at the concept stage.</p>
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	<p>3. Have the project/programme objectives, components and financing been clearly explained?</p>	<p>Partially. See CR1 above. Also, the proponents should clarify if the requested budget would be sufficient under the current scope of the project, including the expected outcomes under components 2 and 3. In particular, the costs of output 8 deliverables could be underestimated. CR5</p>	<p>CR5: Addressed. Component 2 and 3 budget will be adjusted during the concept note drafting; specifically regarding the scope and which cities and which areas will be targeted during this pilot phase and be used as reference for future actions in Argentina and Uruguay.</p> <p>However, it is essential that the proposed components and associate expected outputs are supporting the overall objective and costed accurately. Having proposed expected outputs, such as piping and wastewater infrastructure costed at what appears to be too low an amount of project funding does not work. Hence please adjust so that the included activities are more appropriately costed at this stage instead of postponing to a later time. Reason being, that if costs shift dramatically, other proposed activities and outputs may have to be dropped or diminished in scope. This exercise is important to undertake as early as possible.</p>
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	<p>4. Has the project/programme been justified in terms of how:</p> <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? 	<ul style="list-style-type: none"> - Concrete adaptation actions: Yes. - Regional approach: See CR1 and 2 above. - Innovation: Partially demonstrated. CR6: Please explain which approaches and mechanisms are new and innovative for the region. - Cost effectiveness: to be better explained at concept stage. - Strategies and plans: the project will help reinforce local, national and binational strategies and plans. - Learning and knowledge management: at the concept stage, these activities need to be better spelled out, again especially as the lessons learned from a transboundary river investment will be valuable for the participating countries and other river basins facing similar issues. KM tools and ad hoc learning reports could be used to enhance the project delivery throughout its implementation. - Consultation: Yes. - Sustainability: Not explained. CR7: Please briefly explain how the sustainability of the project's outcomes will be ensured, including in the binational context. 	<p>The regional approach of the project should be better clarified at the concept stage, with a more detailed assessment of the underlying premises for why these national activities come together to create a holistic regional set of investments, to increase regional and national climate adaptation capacity and the resilience of the Uruguay River ecosystem.</p> <p>CR6: Addressed. To be better demonstrated at concept stage.</p> <p>CR7: Addressed.</p>
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		<p>Also, as many of the land owners and users along the river system could be categorized as “private sector”, at the concept, the proposal should discuss the vehicles of engagement with private sector, both small holders and larger resource users, which most likely will be key in order to deliver sustainable adaptation measures along the shared river basin.</p>	
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	<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?</p>	<p>Partially.</p> <p>CR8: It is unclear to what extent the Uruguay/Argentina joint Uruguay River Commission (CARU) will be involved in the work, especially as one of the main objectives of the joint commission is to coordinate work and activities on the river.</p> <p>Also, the role of the existing NIEs in both countries is not explained. CR9</p> <p>Lastly, a number of organisations and in particular national ministries have been mentioned, but their relationship in relation to project implementation is less clear. At the concept stage, please consider to include a “decision tree/flow diagram” to show relationship.</p>	<p>CR8: Addressed. However, CARU has a mandate that covers pollution reduction (land based activities) as well as effects of sedimentation, potential dredging among others. Therefore, its mandate may be primarily for the shared river, but indeed including the land/water interface and hence will be important in order to reach a number of the proposed activities and expected outputs.</p> <p>CR9: Addressed.</p>
Resource Availability	<p>6. Is the requested project / programme funding within the funding windows of the pilot programme for regional projects/programmes?</p>	<p>Yes. This project is categorized as large size, under US\$ 14 million.</p>	

	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. The Development Bank of Latin America (CAF) is an accredited Regional Implementing Entity.	

Technical Summary	<p>The littoral area of the Uruguay River, including vulnerable coastal cities and ecosystems of the Argentinean and Uruguayan territories, is very vulnerable to flooding as one of the main hydro climatic threats, which is aggravated by the effects of climate change. This results in more frequent floods as precipitation increase and increased droughts in moments of low precipitations in the area.</p> <p>The objective of the project is to build the resilience of vulnerable coastal cities and ecosystems throughout the Uruguay River, both in Argentinean and Uruguayan territories by developing shared instruments, tools, and experiences for CC and climate variability planning and management. Specific objectives include:</p> <ol style="list-style-type: none"> 1. Reducing the vulnerability conditions and contribute to building resilience associated to climate change and variability in vulnerable communities and ecosystems throughout the Uruguay River by including -community based- and -ecosystem based- adaptation actions and while focusing in human rights, gender and generations. 2. Promoting institutional empowerment including mid and long term planning by the inclusion of CC and CC scenarios in territorial policies, plans and programs for the vulnerable cities and ecosystems identified for each country. 3. Promoting an integral Climate Risks Management in vulnerable cities and ecosystems identified for each country, facilitating the implementation of an Early Warning System (EWS) 4. Reducing the vulnerability of coastal cities by implementing sustainable infrastructure which is adapted to the adverse effects of CC 5. Promoting the deepening of adaptation to climate change in both river's margins through sharing urban, ecosystem and socio cultural knowledge and experiences.
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The initial technical review found that the proposal had described the threats faced by communities and ecosystems in the Uruguay river margins and provided some solutions to tackle those threats. However, a few issues were not clear, related among other things to specific adaptation measures and their link with the identified climate-related threats, the relevance of including all the countries sharing the Uruguay River, the need for a better explanation on the innovative aspects of the project, its sustainability and the role existing NIEs would play in the overall implementation of the project. A few clarification requests were made and the final technical review finds that the revised pre-concept has addressed most of the requests made by the secretariat.

The following observations are made, to be addressed at the concept stage:

- a) The drought-related threats and related measures should be better explained and the concept document should either emphasize drought related measures or focus its objective on flood-related measures;
- b) The project proponents should consider involving the third country, to address non-climatic threats to the management of the Uruguay River that might jeopardize the project’s outcomes or affect their sustainability;
- c) The concept document should identify all relevant initiatives aiming at addressing the non-climatic drivers, upstream and downstream of the Uruguay River, of the identified climate-related threats, to seek synergies and complementarities;
- d) At the concept document stage, the proposed components and associate expected outputs should be costed accurately, to support the project’s overall objective;
- e) To better demonstrated the rationale for the regional approach of the project, the concept document should:
 - i. better articulate how this proposed regional investment will be a more sustainable or cost effective way of addressing the issues identified;
 - ii. provide a more detailed assessment of the underlying premises for why these national activities come together to create a holistic regional set of investments, to increase regional and national climate adaptation capacity and the resilience of the Uruguay River ecosystem;
- f) The concept document should better explain how innovative its proposed approaches or mechanisms are;
- g) The concept document should elaborate on the role that the Argentina/Uruguay joint Uruguay River Commission (CARU) will play in the project, given its mandate which includes the land/water interface.

Date:

19 September 2017.



PRE-CONCEPT FOR A REGIONAL PROJECT/PROGRAMME

PART I: PROJECT/PROGRAMME INFORMATION

Title of Project/Programme:	Climate change adaptation in vulnerable coastal cities and ecosystems of the Uruguay River.
Countries:	Argentina and Oriental Republic of Uruguay
Thematic Focal Area ¹ :	Disaster risk reduction and early warning systems
Type of Implementing Entity:	Regional Implementing Entity (RIE)
Implementing Entity:	Latin American Development Bank (CAF)
Executing Entities:	Ministry of Environment and Sustainable Development of Argentina. Ministry of Housing, Land Planning and Environment of Uruguay.*
Amount of Financing Requested:	13,999,996.80 USD (in U.S. Dollars Equivalent)

Project / Programme Background and Context:

1. The implementation area of the Project is focused in the littoral area of the Uruguay River, including vulnerable coastal cities and ecosystems of the Argentinean and Uruguayan territories. The Uruguay River has a main role for being a territorial structurator for the region since in its margins we can find a number of cities, port-cities, and with a direct physical relation through binational bridges communicating both Argentina and Uruguay (Fray Bentos – Gualaguaychú; Paysandú – Colón; Salto – Concordia). Rio Uruguay, has an approximately area of 339.000 Km² and has an average flow of 4.500 m³ s⁻¹. It's origins are in Sierra do Mar (Brazil), and runs for 1.800 Km until it flows into the Río de la Plata estuary, a 30% forms the border between Argentina and Uruguay. The region's weather is mild and rainy; being the Uruguay's river big catchment area in zones where 2.000 mm.
2. Due to the more frequent and severe storms and floods, exacerbated by CC, which bring stronger effects on the population, damages to infrastructure and great economic losses, it is utmost important to manage and orientate the adaptation process in the local and regional levels by policies and plans that consider the CC perspectives and the communities and ecosystem's vulnerability. Floods provoke important instability in the regional economies and in socio cultural development of the affected communities. Therefore it is relevant to empower risk and disaster management in pursuit of prevention and the improvement of early warning systems (EWS) and the adaptation of urban infrastructure (drinking water, drainage and sewerage, electricity, roads, etc.) and housing with sustainable and resilient characteristics to the new climate conditions.
3. There has been an increase in the annual average precipitations since the 70's in the study area, which partly facilitated the expansion of agriculture and, on the other hand, led to permanent or transitory flooding of most of the productive fields. Consistent with this situation, there has also been an important increase of the river's flow and, although this brought some benefits in the hydroelectric sector, it generated floods to be more frequent and important economic disruptions. It's been equally registered a raise in the severe precipitations frequency in the region which have been increasing since the 90s and have caused considerable damage from floods, destructive winds and hail. Rain is concentrated mainly in Winter and Spring, with monthly values that vary between 70 and 132 mm in the study area, inciting delayed overflows of thirty and sixty days. Upstream of the Project area, the river

¹ Thematic areas are: Food security, Disaster risk reduction and early warning systems; Transboundary water management; Innovation in adaptation finance.

presents numerous rapids, waterfalls and high cliffs in its coasts. It is important to highlight the Salto Grande hydroelectric binational dam in the middle course of the river. Located approximately 15 Km North of Salto city (Uruguay) and 22 Km of Concordia (Argentina). The Project area's topography describes a uniform landform without big elevations, creating meanders and making the area very vulnerable to flooding as one of the main hydro climatic threats, aggravated by the effects of Climate Change (CC) (See maps in the Annex Figures, Maps and Graphics).

4. From the biodiversity point of view, this region is relevant for national and regional conservation. On the Argentinean side, the National Park Administration (APN) manages two protected areas (El Palmar National Park and Predelta National Park) with more than 10.000 hectares under conservation. On the other side, Uruguay manages the "Esteros e Islas de Farrapos" National Park with over 6.000 hectares. Both "El Palmar" and "Esteros e Islas de Farrapos" are part of the RAMSAR sites for their global relevance.
5. Communities of very low income, precarious homes and scarce access to public services frequently inhabit coastal areas, making them vulnerable to inundations. Damages associated to intense precipitations and floods caused by the river's overflow have been often aggravated by the infrastructures inadequacy to the new climate conditions. South America's tropical and sub-tropical areas are characterized by the South American monsoon, which is a seasonal atmospheric circulating system in South America and surrounding Oceans, conditioned by seasonal solar radiation, which has an important influence on the hydro climatic regime of the Plata basin. One of its principal characteristics is a defined annual cycle of precipitations in most of the basin, registering maximum values in summer and minimums in winter. (See maps in the Annex Figures, Maps and Graphics).
6. There has been an increase in the annual average precipitations since the 70's in the study area, which partly facilitated the expansion of agriculture; however, this has led to permanent or transitory flooding of most of the productive fields. In addition, the increment of precipitation brought benefits to the hydroelectric sector; but at the same time, the dam in the past years has not been able to retain such enormous quantity of water, making flooding down the stream inevitable. Since the 90s, there has been equally registered a raise in the frequency of severe precipitations in the region and have caused considerable damage from floods, destructive winds and hail.
7. As a result, of climate change, it floods increase in maximum precipitation moments and droughts increase in moments of low precipitations are more frequent in the area. Therefore, as result of these integrated factors, disasters related to floods have been recurrent in the region for decades, with a one to two year frequency register. (See maps in the Annex Figures ,Maps and Graphics)
8. The CC scenarios for this region are available on the Argentina's Third National Climate Change Communication (TCNCC Argentina, 2015²). The tendency is to have more severe precipitations, which would generate an increase in the frequency of rivers' overflows and floods. Studies were developed based on the global climate models (CMIP5, IPCC 2013) in the Fourth National Climate Change Communication of Uruguay. This models where forced by the RCP socioeconomic scenarios and the generation of climate models AR5 IPCC 2013), for the historic period of 1979-2005 and 2001-2014 and conclude for the Uruguayan territory:
 - The evolution of the annual average temperature's change has a similar behaviour in surface until 2030 (+ 0.5 °C) for both scenarios (RCP 4.5; RPC 8.5), while for 2050 there were estimated raises of +1.0 °C by scenario RCP 4.5 and of +1.5 °C for scenario RPC8.5.
 - Regarding the evolution of the annual average precipitation, it is indicated that there will be light increases for scenario RCP 4.5 with raises of +0.10 a 0.15 mm day⁻¹ for 2030 and of +0.15 a +0.20 mm day⁻¹ for 2050 by scenario RPC8.5.
9. According to these studies, Uruguay will be specially affected by climate change. It is particularly sensible to extreme events such as droughts, floods, cold and hot waves, strong winds, hail, strong rains and severe storms. The El Niño affects mainly on the North and Nor East of Uruguay. It raises the probability of rains being of higher magnitude to

² The Country Report for Argentina about the TCN CC to the UNFCCC (2015; 264 pp.), is available in: <http://unfccc.int/resource/docs/natc/argnc3s.pdf>.

those registered historically for the same period of the year. These natural threats, combined with exposure and social vulnerability have caused multiple impacts on people, infrastructure, ecosystems and biodiversity.

10. The Uruguay River has played an important role in both countries' development, but also has made territorial planning more complex with the rainfall regime changes. For this, it is important to emphasize the importance of a regional mid and long-term approach in the design of policies and planning.
11. Erosive processes are occurring on both margins of the Uruguay River due to the pressure held on the riparian forest resources. Also, significant floods happen when extreme precipitations fall in the upper and lower Uruguay. In this context, restoration and adaptation actions based in ecosystems are fundamental to ensure the ecosystem services such as buffering and regulation of flood impacts as well as, natural and cultural resources supply.
12. Projections indicate there will be a light decrease in the days with frosts, a significant increase in the number of warm nights, a raise in the length of heat waves and a significant in the intensity of precipitations. Extreme events (intense rain and winds, storms, hail, etc.) will continue to become more frequent. According to predictions made in a global and regional scale, it is also to be expected that these events become more frequent and intense with time.
13. The above mentioned is evidenced throughout the region, especially in the increase of the population's vulnerability in the littoral cities due to the exposure to river's overflow and their socioeconomic conditions with visible impacts in damaged housing and basic urban infrastructure. Between November 2009 and February 2010, the region has been affected severely by El Niño phenomena, producing considerable flood events, one between November and December 2009 which concentrated in the Uruguay's basin and affected the North and littoral parts of the country, especially the cities of Artigas, Salto and Paysandú. On summer 2014 (January-February) precipitations overcame monthly averages on a 150 % and a 350 %, activating an emergency situation on several aspects: social, sanitary, roads and agricultural which forced to provide 1% of public expenditure to attend such emergency. On 2015, between 5 and 15 % of the population of the Artigas, Paysandú and Salto departments (23,000 people approximately) had to be evacuated due to floods caused by the river overflow which required also economic and human resources efforts for attending the emergency and early stage rehabilitation. In 2016, floods left thousands of displaced people in departments such as Paysandú and at this stage in 2017 4,292 people were already displaced from the Uruguay river's littoral.
14. It is important to emphasize the importance of a regional mid and long-term approach in the design of policies and planning, even though the project focuses on vulnerable coastal cities and ecosystems, to be able to adapt to changes that have those same characteristics. Considering that the Uruguay river has played an important role in both countries' development, but also with the changes presented rainfall regime has made territorial planning more complex, the countries find it necessary to present to the Adaptation Fund a regional project that relies in the implementation of adaptation measures that improve resilience in vulnerable coastal urban areas and ecosystems from the regional perspective. Considering their coastal location, the population characteristics and existing records, the following cities and two vulnerable ecosystems have been prioritized for this project:
15. For Oriental Republic of Uruguay: i) Bella Unión city in the Artigas Department (with 18.406 residents for 2011); (ii) Salto city in the Salto Department (with 104.028 residents for 2011); (iii) Paysandú city in the Paysandú Department (with 76.429 residents for 2011); (iv) Fray Bentos city in the Rio Negro Department; (with 24.406 residents for 2011); (v) San Javier, city in the Rio Negro Department (with 1.781 residents for 2011), (vi) Nuevo Berlín city in the Rio Negro Department (with 2.4502 residents for 2011); (vii) Rincón de Franquía, Protected Area in Artigas Department, and (viii) Esteros de Farrapos, Protected Area in the Rio Negro Department. In the Argentine Republic: (i) Federación (17,547 residents for 2010), Villa del Rosario (3,973 residents for 2010), and Chajarí (34,848 residents for 2010) in the Federación Department; (ii) Concordia (152,282 residents for 2010), and Puerto Yeruá (1,666 residents for 2010) in the Concordia Department; (iii) Colón, San José (18.178 residents for 2010), Villa Elisa (11.117 residents for 2010) and Liebeg (770 residents for 2010) in the Department of Colón; (iv) Concepción del Uruguay (82.729 residents for 2010) in the homonymous department; (v) Gualaguaychú (102,421 residents for 2010) from the homonymous department and (vi) Villa Paranacito (4,215 residents for 2010) and Ceibas (1,773 residents for 2010) from de Islas del Ibicuy Department.

Project / Programme Objectives:

General Objective: The Project aims to build resilience in vulnerable coastal cities and ecosystems throughout the Uruguay River, both in Argentinean and Uruguayan territories by developing shared instruments, tools and experiences for CC and climate variability planning and management.

Specific Objectives:

1. Reduce vulnerability conditions and contribute to building resilience associated to climate change and variability in vulnerable communities and ecosystems throughout the Uruguay River by including -community based- and -ecosystem based- adaptation actions and while focusing in human rights, gender and generations.
2. Promoting institutional empowerment including mid and long term planning by the inclusion of CC and CC scenarios in territorial policies, plans and programs for the vulnerable cities and ecosystems identified for each country.
3. Promoting an integral Climate Risks Management in vulnerable cities and ecosystems identified for each country, facilitating the implementation of an Early Warning System (EWS)
4. Reduce vulnerability in coastal cities by implementing sustainable infrastructure which is adapted to the adverse effects of CC
5. Promote the adaptation to climate change deepening in both river's margins through sharing urban, ecosystem and socio cultural managing knowledge and experiences.

Project / Programme Components and Financing:				
Project Components	Expected Outcomes	Expected Outputs	Countries	Amount (US\$)
1. Territorial Planning and Risk Management	i) Departmental and Provincial governments have been empowered by including CC scenarios in their planning and management instruments and also by the increase of their institutional capacities.	1. Land management plans were actualized by including the CC perspective and strategies of access to urban land have been empowered, considering river flows and return periods of the Uruguay River.	Uruguay - Argentina	USD 2,000,000.00
		2. Protected natural areas, housing, water and health plans, programs and sectorial protocols were designed or updated considering climate change adaptation (CCA).	Uruguay - Argentina	
		3. Damage and loss methodological guide were developed.	Uruguay - Argentina	
	ii) Argentinean and Uruguayan governments have updated and executed ACC measures in a coordinated way.	4. Communication strategies and resources in the EWS for vulnerable coastal cities in the Uruguay River are designed and developed.	Uruguay - Argentina	
		5. The implementation of regional Risk and Disaster Management plans in the litoral of the Uruguay River including ACC were supported.	Uruguay - Argentina	
		6. The implementation of Argentinean and Uruguayan National Determined Contributions through pilot experiences for national adaptation process were supported.	Uruguay - Argentina	

2. Priority actions to increase urban resilience.	iii) Littoral cities of the Uruguay River have increased their resilience to CC by implementing urban, environmental, social, economic and financial adaptation measures.	1. Vacant land from resettlement were restored including executive project, technical participative design and social validation. The implementation includes equipment and construction.	Uruguay - Argentina	USD 6,000,000.00
		2. Urban sustainable infrastructure for new resettlements´ technical assistance, design and implementation, including water supply and sewage system were adapted to the new climate conditions.	Uruguay – Argentina	
		3. Financial (revolving funds, insurance, among others), normative and housing improvement instruments for medium and high risk zones for CCA were designed and implemented.	Uruguay – Argentina	
3. CCA measures regarding vulnerable ecosystem´s conservation throughout Uruguay River.	iv) CCA measures have been implemented in both sides of the Uruguay River, based on ecosystems that increase resilience.	4. Ecosystem services and co benefits, contribution to CCA and connectivity of the Uruguay River´s coast ecosystems´ were evaluated and mapped.	Uruguay - Argentina	USD 3,062,960.00
		5. Coast intervention pilot experiences based on erosion / sedimentation and other impact studies and execution of new CCA strategies based on ecosystems were designed and implemented.	Uruguay - Argentina	
		6. River coasts were restored by revegetation in selected areas. Native species will be prioritized.	Uruguay - Argentina	
4. Priority measures to increase social resilience.	v) Local communities and organizations have increased their resilience by sharing CCA and climate risk management strategies.	7. Binational strategy on training and best adaptation practices experience were shared regarding climate change risk management and adaptation planning, field inspectorate, housing infrastructure adaptation and vacant land restoration.	Uruguay - Argentina	USD 1,400,00.00
		8. Social vulnerability analysis and monitoring tools were developed focusing on human rights, gender and generations.	Uruguay – Argentina	
		9. Social risk perception methodologies and participatory vulnerability reduction strategies were developed.	Uruguay – Argentina	
	vi) Civil society, local actors and the awareness actions carried out have improved the sustainability of the CCA measures and their appropriation by the community.	10. Social networks were empowered by CCA and local risk management strategies exchanges.	Uruguay – Argentina	
		11. Existing networks were empowered by sharing local experiences.	Uruguay – Argentina	
		12. Social vulnerability reduction by labour reconversion strategies for resettled families were developed.	Uruguay – Argentina	
		13. Communication and diffusion strategy for the reduction of social vulnerability were implemented.	Uruguay – Argentina	
14. Information, instruments and best practices regarding the health aspect associated to CC was shared.	Uruguay – Argentina			

6. Project/Programme Execution cost		USD 500,000.00
7. Total Project/Programme Cost		USD 12,962,960.00
8. Project/Programme Cycle Management Fee charged by the Implementing Entity (if applicable)	8 %	USD 1,037,036.80
Amount of Financing Requested		USD 13,999,996.80

Project Duration: *The project will have five (5) years duration.*

ART II: PROJECT / PROGRAMME JUSTIFICATION

16. Floods have already made important impacts on regional economies and sociocultural development in communities in the prioritized cities. CC scenarios present a tendency towards more extreme precipitations, with increases in the frequency and magnitude of overflows and floods, and therefore of the social and economic adverse effects. In addition to this, accumulated social changes increase impacts of floods and frequency of droughts in moments of scarce precipitations.
17. The most relevant upstream non-climatic driver is the Salto Grande Hydropower dam. However, the hydropower until now has been a flood regulator, and until this moment of pre-concept, it is conceived that the hydropower government and technicians participate in the project.
18. One of the adaptation measures that the hydropower should have because of its age (1979 – 39 years) is dredging of the dam and conservation of the conservation of the upstream basin. Part of the resources of this project are planned to be used for the conservation of the 1150 ha in the triple frontier in Bella Unión Uruguay.
19. Downstream, taking into account that low-income communities in both countries have inhabited the river's coast; both have developed in each country a relocation programme. For this the resources used in this project are to resignify (give a new meaning) to the now not used space in order to avoid that the communities return to this places. For this, the creation of parks – public spaces that can be flooded and retain the excess of water is important to develop.
20. The Project's components and adaptation activities in a regional way will contribute to CC resilience, specially to the extreme precipitation events intensification that generate floods. Its regional approach constitute an added value in contrast to the individual application of similar activities in each country. The project will enable an active interaction that will contribute to finding regional answers articulated with Uruguay's river impact scenarios, based on territorial planning, specially through updated Territorial Planning Plans that consider CC both in Argentina and Uruguay.
21. Additionally, valued and georeferenced risk identification, focusing on floods, combined with the development of regional – local hydrological models and risk maps, will enable to improve planning in both sides of the river generating territorial planning policies and legislation, implementation of risk management and EWS that allow interaction between the countries (as key tools to contribute to climate resilience).
22. Currently the Project's region does not count with an efficient system to record loses and damages originated by extreme climate events increased by CC. The Project will generate a methodological guide to quantify loses and damages in relation to urban floods that can be used in both countries.
23. The Project can substantially contribute to regional developing plans for both countries, increasing the resilience of the most vulnerable groups and communities by providing specific actions in relation to poverty, social vulnerability

reduction and the construction of socio territorial equity, and with empowerment and development of institutional capacities for CCA, articulating them in a nested system of local, provincial/departmental and national levels. As mentioned before the Project is aligned with National CC Policies for both countries, as well as all other strategic and legal instruments related to CC.

24. Considering these scenarios, it is utterly important to regulate and orientate the adaptation processes (regionally and locally in the mid and long terms) through adequacy of public policies that materialise in plans and strategies that consider climate change, regional communities and ecosystems' vulnerability, the empowerment of the risk management and EWS in complement with urban infrastructure adaptation making it more sustainable and resilient.
25. For CCA actions, the Project will promote and test new approaches and mechanisms which are innovative for the region and for the prioritized interventions in both countries. The binational effort to coordinate actions on both margins of the Uruguay River will be reinforced by this Project, the best practice exchange, the acquisition of existing mechanisms and tools and the development of new adaptation measures that can be implemented in both margins.
26. The capitalization and exchange of best practices, lessons and experiences by governments (local and national) and the communities is a very important contribution to the present and future actions effectiveness towards CCA regarding costs and results. This experience can also be very helpful in other shared basins such as the Low Plata Basin.
27. For CCA actions, the Project will promote and test new approaches and mechanisms, which are innovative for the region and for the intervention scenario prioritized in both countries. The binational effort to coordinate actions on both margins of the Uruguay River will be reinforced by this Project, the best practice exchange, the acquisition of existing mechanisms and tools and the development of new adaptation measures that can be implemented in both margins. This experience can also be very helpful in other shared basins such as the Low Plata Basin.
28. The Project will work on the development and implementation of sustainable neighborhoods focusing on public spaces through the design of CC adapted housing infrastructure. The Project also includes specific actions to recover and enhance the riverside vacant areas or affected public spaces and the design of climate change adapted public infrastructure. For this specific action, cultural change is important, taking into account that communities have to live now with inundations every now and then, but not attack them. These interventions will contribute to significant urban resilience increases in prioritized coastal cities, with direct benefits to more than 600 thousand residents.
29. Pilot adaptation programs will be designed for their implementation aiming to promote a useful adaptation methodology in areas with ecosystemic significance (Natural Protected Áreas) in order to promote biodiversity conservation in the context of climate hazards. These programs should contemplate ecosystemic services mapping and valuation in a way that connection between ecosystems and human activities contribute to the reduction of climate risks in communities and economic sectors.
30. All the activities proposed in this Project will meet all the technical and legal regulations for each country as well as regulations regarding environmental assessment, specific construction codes, among others.
31. For this pre-concept, two workshops were held engaging national authorities from Argentina and Uruguay and other two were carried out in vulnerable cities from the Uruguay River with national, departmental, provincial and local authorities, one in Concordia (Argentina) and another one in Paysandú (Uruguay). In those workshops, (see attached information). More than 100 representatives of different technical and political areas from all the governments' levels and sectors participated.
32. The beneficiary population will increase its resilience and life quality, avoiding health risks and reducing psychosocial impact caused by floods. The Project also considers public space appraisal and participative definition of its use.
33. There is no duplication with other financing sources. All the proposed measures complement the efforts both countries are carrying out.

34. To support the communities affected by extreme climate events, specially floods; the implementation of financial measures, such as revolving funds or insurances, will be carried out. The regional approach of the Project doesn't contribute only to the sustainability and effectiveness of the proposed actions, but also enhances cost effectiveness by sharing economic and human resources as well as knowledge, best practices and experiences.
35. The capitalization and exchange of best practices, lessons and experiences by governments (local and national) and the communities is a very important contribution to the present and future actions effectiveness towards CCA regarding costs and results. The stakeholder analysis will prioritize which organization will host and support the community empowered such in a regional or national level.
36. The Project is consistent with Argentina's and Uruguay's development strategies and is consequent with their Third and Fourth National Climate Change Communications made by each country, their Nationally and Intended Nationally Determined Contributions within the National scope and to the Paris Agreement, especially regarding empowerment of adaptation strategies, plans, agendas and measures.
37. Significant environmental or social negative impacts produced by the project were not identified.

PART III: IMPLEMENTATION ARRANGEMENTS

38. **Coordination System/Outlines: A Binational Directive Committee (CDB) of the Project** will be constituted, of executive nature by one (1) representative from the Argentinean Government through the MAYDS, one (1) representative from the Uruguayan Government through the (MVOTMA), and one (1) representative of CAF. The CDB will be maximum authority of the Project were decisions are taken by consensus and annual operative plans, procurement plans, etc. will be approved by consensus. The CDB will invite representatives of National Executing Units and from Regional Coordination, who will have the roll of informing to the members of the CDB on the advances and proposals regarding the Project's activities. The frame document that supports this proposal is the "Memorandum of understanding for environment and sustainable development cooperation" subscribed May 4th, 2017 between MVOTMA and MAYDS.
39. **Operative Structure:** A Regional Office (OR) will be constituted for the binational Project's components. It will submit the annual plans for the binational components to the CDR for its approval. A Regional Coordinator who should interact with CAF and will articulate activities with the National Coordinators will direct the OR. The Regional Coordinator will be designated by the Project's CDR. Both MVOTMA and MAYDS will each create a national executive unit (UEN) within their structure. Each UEN's coordination will be under a National Coordinator (one for Uruguay and one for Argentina) that will report to the CDB. National coordinators will be elected by each country. Argentina will also create a provincial sub unit based in Entre Rios, it will be coordinated by the Argentine National Coordinator. Each UEN's coordination will be under a National Operational Officer (one for Uruguay and one for Argentina) that interacts with CAF, and both will be elected by the CDB. CAF will receive the funds through their Special Funds Direction (DAFE). Each country will receive their funds through each CAF's country office who will determine the payments mechanisms.
40. **Expected Organizations involved in the Project: Regional level:** Regional organization: Uruguay River Administrative Commission (CARU), Salto Grande Mixed Technical Commission (CTMSG). **National level:** An early engagement with the Ministry of Foreign Affairs and Worship of Argentina and the Ministry of Foreign Affairs of Uruguay was initiated in order to assess their participation in the Governance of the Project; this issue will be developed at Concept Note stage.

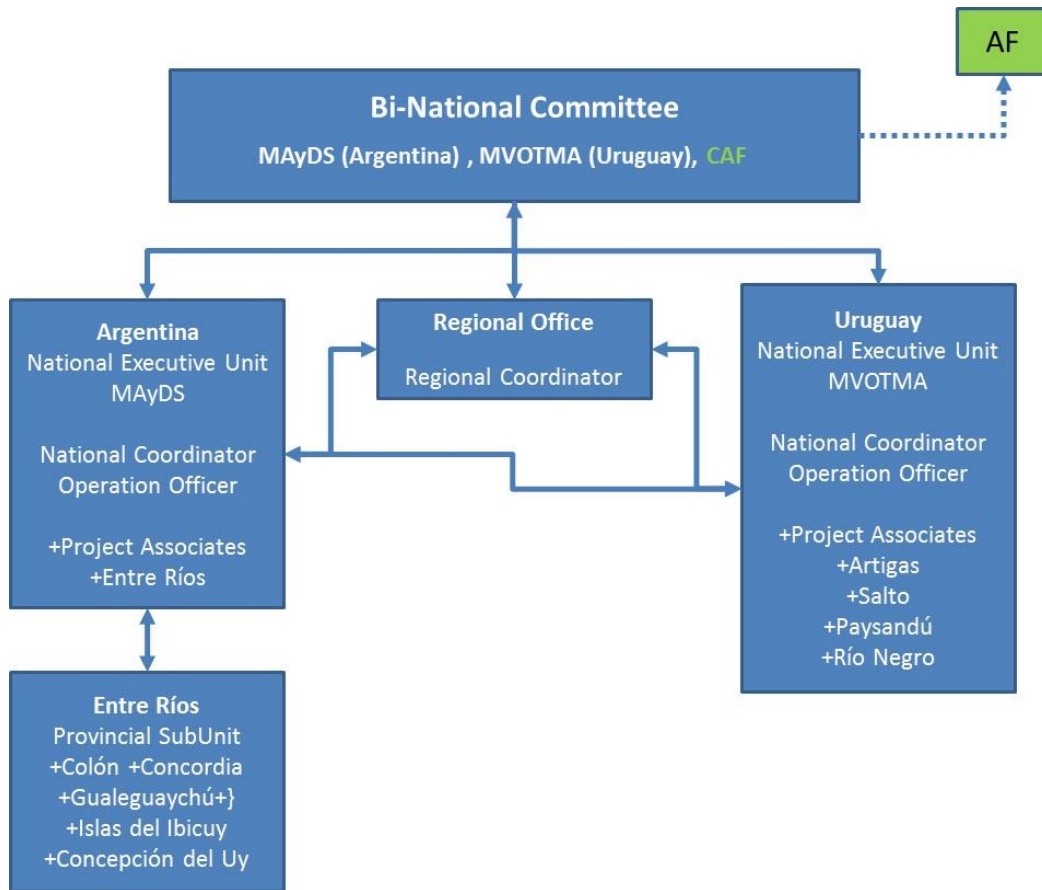


Fig. 1. Desicion Tree / Flow Diagram



PART IV: ENDORSEMENT BY GOVERNMENTS AND CERTIFICATION BY THE IMPLEMENTING ENTITY

A. Record of endorsement on behalf of the government³ proposal.

PART IV: ENDORSEMENT BY GOVERNMENTS AND CERTIFICATION BY THE IMPLEMENTING ENTITY


A. Record of endorsement on behalf of the government¹

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.

Pre Concept: Regional Project : Argentina – Uruguay "Climate change adaptation in vulnerable coastal cities and ecosystems of the Uruguay River"	
 Ignacio Lorenzo Climate Change Director Ministry of Housing, Land Planning and Environment – Uruguay Uruguay's National Designated Authority to the Adaptation Fund	Date: August 07, 2017
 Lucas Di Pietro Paolo Adaptation to Climate Change Director Ministry of Environment and Sustainable Development – Argentina	Date: August 07, 2017

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

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 of Argentina and Uruguay. Also it will be taken into account the; Climate change policies in Argentina, the National Policy on Climate Change and the National response system to climate change of Uruguay and the Land Use Planning Policies of both countries and local regions and subject to the approval by the Adaptation Fun Board commit to implementing the project "Adaptation to climate change in vulnerable cities and ecosystems of the Uruguay River Basin" in compliance with the Environmental and Social Policy of the Adaptation Fund and on the understanding that the Implementing Entity will be fully (legally and financially) responsible for the implementation of this project/programme.</p>	
	
<p>LIGIA CASTRO DE DOENS <i>Environmental and Climate Change Chief Executive</i> <i>CAF Latin American development bank. Implementing Entity Coordinator</i></p>	
<p>Date: <i>august 04, 2017</i></p>	<p>Tel. and email: +57 (1) 7447355. Email: lcastro@caf.com</p>
<p>Project Contact Person: Carolina Cortés Cardona</p>	
<p>Tel. And Email: 593 (2) 398-8437. Email: acortes@caf.com</p>	