



## ADAPTATION FUND

AFB/PPRC.22/19  
8 March 2018

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Adaptation Fund Board  
Project and Programme Review Committee  
Twenty-Second Meeting  
Bonn, Germany, 20-21 March 2018

Agenda Item 9 b)

### **PROPOSAL FOR BELIZE AND GUATEMALA**

## 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 “Increasing climate resilience through restoration of degraded landscapes in the Atlantic region of Central America” was submitted by the United Nations Environment Programme (UN Environment), which is a Multilateral 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 thirty-first Board meeting. The secretariat carried out a technical review of the project proposal, assigned it the diary number LAC/MIE/DRR/2018/PPC/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 UN Environment, 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**

Belize and Guatemala - Increasing climate resilience through restoration of degraded landscapes in the Atlantic region of Central America

Implementing Entity: UN Environment

Project/Programme Execution Cost: US\$ 875,000

Total Project/Programme Cost: US\$ 9,225,000

Implementing Fee: US\$ 784,125

Financing Requested: US\$ 10,009,125

### Project Background and Context:

Central America is one of the most vulnerable regions to climate change world-wide. Hurricanes in coastal areas cause heavy rainfall, massive river flooding, soil erosion and mudslides which destroy crops, affect infrastructure, limit potential for the expansion of coastal tourism and disrupt conservation and management of coastal vegetation. Building on Initiative 20x20, an effort to change the dynamics of land degradation in Latin America and the Caribbean, the project's objective is to strengthen resilience in the coastal Atlantic region of Belize and Guatemala to the impacts induced by the intensification of weather extremes. This will be pursued through the promotion of sustainable landscape restoration efforts (restoration of degraded natural forest, reforestation, optimal management of vegetation, sustainable use of mangrove and coastal swamp forests) with an emphasis in poor rural areas in the region. Efforts on landscape restoration in coastal areas align to the Central America Commission on Environment and Development's strategies.

#### Component 1: Supporting a conducive regulatory framework (US\$ 800,000)

This component will ensure improved use of available technical, extension and financial services in support of restoration projects in coastal areas vulnerable to the intensification of extreme weather events. The policy and regulatory measures for sustainable land restoration for adaptation, as well as fiscal and other economic incentives will be assessed. The project will also promote coordination between social organizations, communities and private parties that steer the process of restoration as an adaptation measure to extreme weather events in coastal areas of the Atlantic region.

#### Component 2: Addressing key information gaps (US\$ 650,000)

Through this component, improved and timely access to information will help reduce the damages caused by extreme weather events. This will be done through the development of a Regional information system focused on land-use based management, adaptation-based response systems to the intensification of extreme weather events.

#### Component 3: Implementing restoration measures (US\$ 6,400,000)

With restoration for adaptation investments in place, specific land use measures are expected to be regionally recognized to have the potential to reduce vulnerability and improve social welfare. Through this component, the design and deployment of specific measures will be ensured in

coastal land ecosystems with significant potential for replication by the private sector. The project will also foster participation of private sector in financing of restoration as adaptation measures. It is also expected the adoption of monitoring processes to capture increased resilience of projects and landscapes adopting land-based adaptation measures. Lastly, the project will produce a pipeline of adaptation projects based on land restoration.

Component 4: Dissemination of results (USD 500,000)

Through this component, increased awareness of proposed measures for adaptation measures will be promoted. Results will be disseminated for use by a wider set of actors in the region.



ADAPTATION FUND

## ADAPTATION FUND BOARD SECRETARIAT TECHNICAL REVIEW OF PROJECT/PROGRAMME PROPOSAL

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

Countries/Region: **Guatemala and Belize / LAC**

Project Title: **Increasing climate resilience through restoration of degraded landscapes in the Atlantic region of Central America**

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

Implementing Entity: **UN Environment**

Executing Entities: **WRI and CATIE**

AF Project ID: **LAC/MIE/DRR/2018/PPC/1**

IE Project ID:

Reviewer and contact person: **Daouda Ndiaye**

IE Contact Person(s): **Gustavo Máñez Gomis**

Requested Financing from Adaptation Fund (US Dollars): **10,009,125**

Co-reviewer(s): **Martina Dorigo**

Review Criteria	Questions	Comments on 2 February 2018	Comments on 16 February 2018
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. Central America is one of the most vulnerable regions in the world to climate change.	



Project Eligibility	1. Have the designated government authorities for the Adaptation Fund from each of the participating countries endorsed the project/programme?	Yes. Letters signed 27 June 2017 for Belize and 16 June 2017 for Guatemala. However, the letter for Belize was signed by an authority who is not the designated authority registered on the AF website. <b>CR1:</b> Please provide a letter of nomination of the new designated authority for Belize, signed by a minister, or provide official notification that the minister who signed the letter is replacing the designated authority on file.	<b>CR1:</b> Addressed. The designated authority on file has signed a letter of endorsement.
	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?	<b>CAR:</b> Please limit the text of the pre-concept to five pages, as per the requirements of the Fund. <b>CR2:</b> The rationale for the regional approach lacks substantiation. Please provide more evidence of the need for addressing the issue by targeting the two countries. <b>CR3:</b> Please describe the target area and beneficiaries for the project, as well as the specific climate risks to be addressed and their related adaptation measures.	<b>CAR:</b> Addressed. <b>CR2:</b> Partially addressed. The rationale for the regional approach should be strengthened, and justification of the limitation to two countries out of the 3 (Honduras) sharing the same issues and target communities in the project area, provided. <b>CR3:</b> Partially addressed. It is not clear how the communities will benefit from this project. Would it improve their livelihoods, protect their natural habitat? Also, please see CR2.
	3. Have the project/programme objectives, components and financing been clearly explained?	Yes. However, it is not clear how interventions inland will help addressing risks of climate-induced extreme events. <b>CR4</b>	<b>CR4:</b> Somewhat addressed.

	<p>4. Has the project/programme been justified in terms of how:</p> <ul style="list-style-type: none"> <li>- it supports concrete adaptation actions?</li> <li>- it builds added value through the regional approach?</li> <li>- it promotes new and innovative solutions to climate change adaptation?</li> <li>- it is cost-effective?</li> <li>- it is consistent with applicable strategies and plans?</li> <li>- it incorporates learning and knowledge management?</li> <li>- 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?</li> <li>- it will take into account sustainability?</li> </ul>	<p>The proposal does not demonstrate how the project would promote new and innovative solutions to climate change adaptation. <b>CR5</b></p> <p>Although ecosystem based solutions are known to be cost effective, it is not clear what the scope of the adaptation benefits will be under this project, through inland restored tree cover and land-use based approaches. <b>CR6</b></p> <p>Please clarify which countries are involved in the regional strategies mentioned in the document. If there are additional countries involved, please explain why they are included in the project. This includes Dry Corridor countries. <b>CR7</b></p> <p>There is no evidence of a minimum of consultation at this point. Please provide evidence of some consultation. <b>CR8</b></p> <p>There is little information on or evidence of potential involvement of the private sector as co-financiers of the project's interventions. Nor is there information on the types of interventions the private sector would invest in. <b>CR9</b></p>	<p><b>CR5:</b> Addressed.</p> <p><b>CR6:</b> Partially addressed. The nature and scope of the proposed interventions is not specified, to assess their adaptation benefits.</p> <p><b>CR7:</b> Addressed. However, see CR2.</p> <p><b>CR8:</b> Not addressed. The proponent states that a comprehensive consultation process "is being" undertaken in the region, including: FUNDAECO an NGO working with local communities in the area; the Caribbean Community Climate Change Center, headquartered in Belize, INAB in Guatemala, Defensores de la Naturaleza, Althelia, American Bird Conservancy. This statement could be understood as if the conclusions of such consultations have not been considered in the development of the pre-concept document.</p> <p><b>CR9:</b> Addressed. Interest letters from three private impact investors have been provided. The modalities of co-financing and partnership with the private sector are to be</p>
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			discussed during the design phase of the project.
	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?	Not sufficient. There is no information on which bodies will be involved at the national and regional level. <b>CR10</b>	<b>CR10:</b> 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. UN Environment is an accredited Multilateral Implementing Entity of the Fund.	

Technical Summary	The project's objective is to strengthen resilience in the coastal Atlantic region of Belize and Guatemala to the impacts induced by the intensification of weather extremes. This will be pursued through the promotion of landscape restoration efforts (restoration of degraded natural forest, reforestation, optimal management of trees on farms, sustainable use of mangrove and coastal swamp forests, and landscape management) with an
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emphasis in poor rural areas in the region. Efforts on landscape restoration in coastal areas align to the Central America Commission on Environment and Development's strategies (CCAD 2014).

The initial review found that the proposal presented little information on the target areas within the two countries, and the regional approach was not justified, as there was little explanation on why only two countries were targeted. The proposed activities and their link to specific climate threats were not explained and it was not clear how inland reforestation activities would help address extreme events in coastal areas. Other issues were related to the sustainability of the project actions, their cost effectiveness and evidence of consultation.

Several corrective action requests (CAR) and clarification requests (CR) were made. The final review finds that the rationale for the regional approach should be strengthened and the way the project will bring adaptation benefits to the communities should be clarified. The nature and scope of the proposed interventions should be clarified, to assess their adaptation benefits. Lastly, the level of early consultation to inform the design of the project at the pre-concept stage was not clear from the document.

The following observations are made, to be addressed when resubmitting the project pre-concept:

- a) The rationale for the regional approach should be strengthened, and justification of the limitation to two countries out of the three sharing the same issues and target communities in the project area should be provided;
- b) The nature and scope of the proposed interventions should be better described, to assess their adaptation benefits;
- c) The pre-concept document should clarify how the project would bring adaptation benefits to the communities including through improvement of their livelihoods, or protection of their natural habitat from climate hazards;
- d) The proposal should clarify the level of consultation that was undertaken to inform the design of the project.

Date:

16 February 2018



# PRE-CONCEPT FOR A REGIONAL PROJECT/PROGRAMME

## PART I: PROJECT/PROGRAMME INFORMATION

Title of Project/Programme: **INCREASING CLIMATE RESILIENCE THROUGH RESTORATION OF DEGRADED LANDSCAPES IN THE ATLANTIC REGION OF CENTRAL AMERICA**

Countries: Guatemala and Belize

Thematic Focal Area<sup>1</sup>: Disaster risk reduction and early warning systems

Type of Implementing Entity: Multilateral Development Organization

Implementing Entity: UNEP

Executing Entities: WRI and CATIE

Amount of Financing Requested: 10.009 Million (in U.S Dollars Equivalent)

### Project / Programme Background and Context:

Central America is one of the most vulnerable regions ~~in the world~~ to climate change world-wide. As warming of the atmosphere continues, the impacts of weather extremes in the fragile and exposed Atlantic coastal area of Central America pose a major risk for countries in the region. ~~The~~ An assessment of hurricanes in the Caribbean concluded that the observed surge in land-falling hurricanes indicates a broader an increase in average tropical cyclone wind speeds as sea-surface temperature rises, and a shift toward a greater number of Category 4 and 5 hurricanes (Curry et al. 2009). ~~Also, an increase of land-falling of hurricanes is indicative of a broader trend in cyclone wind speeds as sea surface temperature increases in the Caribbean Sea. Besides high wind speeds, an~~ The H higher impact of hurricanes and tropical storms in coastal areas is linked ~~cause to~~ heavy rainfall, massive river flooding, soil erosion and mudslides which destroy crops, affect infrastructure, limit potential for the expansion of coastal tourism and ~~severely~~ disrupt community-led conservation and management of forests coastal vegetation. ~~The protected and community-managed areas of northern Nicaragua and eastern Honduras protect the largest area of mature forest north of Amazonia and Miskito and other ethnicities are heavily dependent on them.~~

These ~~Land degradation and c~~ Climate extremes negatively affect people’s livelihoods, economic activity, and drive up migration and resettlement upwards. As an example, entire villages were wiped out in the region by the flooding and mudslides during catastrophic hurricanes Mitch (1998), Stan (2005) and Felix (2007). ~~Both extreme weather event resulted in severe impacts on coastal and inland areas of Nicaragua, Honduras, Guatemala, El Salvador, and Belize. Entire villages were wiped out by the flooding and mudslides.~~ The number of homes destroyed was in the hundreds of thousands, and thousands of hectares of coastal mangrove, broadleaf and pine forest were damaged or blown down. A report on the financial consequences of global warming

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

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[\(Vergara et al, 2013\)](#), concludes that the anticipated costs of weather extremes are amongst the most onerous in the region. Similar losses have followed many other extreme weather events that have affected the region.

Regrettably, unsustainable land practices in the Atlantic region of Central America (Belize, Guatemala), including generalized deforestation have resulted in on-going land degradation that has translated into a decrease in resilience to weather extremes and climate impacts. Bare or degraded soils are less likely to absorb heavy rainfall and prevent runoffs. The loss of canopy and vegetation cover induces severe impacts on soil erosion during periods of extreme rainfall associated to the intensification of weather events. Of particular concern are the associated impacts that land degradation and anticipated climate change will have on the welfare of poor indigenous rural populations and the quality of the soil, water and natural biodiversity on which they depend in the Atlantic region of Central America. This coastal region is home to Miskito Indians and Garifuna who have historically experienced high rates of poverty limited access to public services and are dependent on the terrestrial and coastal marine biodiversity of their land and seascapes. These populations are disproportionately affected by extreme weather events.

A report on the consequences of global warming in Latin America (Vergara et al. 2013) concludes that the anticipated costs of weather extremes are amongst the most onerous financial impacts of climate change in the region. The economic impact of damages from tropical cyclones is considerable and is projected to be \$110 billion–\$149 billion for the period between 2021 and 2025, including \$80 billion–\$103 billion for Mexico’s Gulf Coast and \$30 billion–\$44 billion for Central America and the Antilles (Curry et al. 2009). An assessment made by Toba (2009) places the annual costs of intensified hurricane activity in the region by 2050 at approximately \$5 billion.

[Fortunately, there is a growing consensus in the region that land restoration is not only key to protect natural capital and social welfare but could also be a mechanism to strengthen resilience to climate impacts. This consensus is reflected in the region’s involvement in Initiative 20x20 an effort to change the dynamics of land degradation in Latin America and the Caribbean.](#)

Fortunately, there is a growing consensus in the region that land restoration is key to protect natural capital, social welfare, promote job creation and offer a mechanism to strengthen resilience to climate impacts. This consensus is reflected in the region’s participation in Initiative 20x20, ([www.initiative-20x20.org](http://www.initiative-20x20.org)) an effort to change the dynamics of land degradation in Latin America.

Some methods include revegetation and restoration of coastal areas have been shown to prevent soil erosion, reduce the likelihood of floods, contribute to maintain stable surface hydrology and stabilize runoffs associated to extreme precipitation rainfall (UNFCC, 2012). These approaches span from restoration of mangroves and degraded inland forests to the increase of tree cover on agricultural lands.

In the Atlantic region of Central America these methods have already been applied. Specifically, in Belize, mangroves have been found to protect the immediately adjacent shoreline. Mangroves, which can mitigate the force of both waves and storm surge, shelter about half of the mainland coastline and about 75% of the shoreline of keys. Where mangroves are present, they contribute between 10–35% of the stability of the shoreline. The value of shoreline protection

~~services provided by mangroves is estimated at US\$111–167 million per year (Cooper et al., 2008). Similar coastline ecosystems, such as those of those of Punta Manabique, Guatemala’s only marine coastal protected area, will mitigate against extreme weather events.~~

~~A macroeconomic assessment of land restoration processes (WRI, 2016) has found that, in general, restoration of degraded land would have a positive NPV and IRR. However, the report cautions that there exist many barriers to realize the full restoration potential. Such barriers are particularly notorious in areas of extreme poverty, where focused efforts should be specially targeted. There are additionally, a number of barriers that have prevented more forceful actions to be taken to reduce vulnerability in the region, including, a weak regulatory framework, lack of access to information, and scant experience with adaptation systems~~

~~Initiative 20x20, a country led effort, was launched by countries in the region in 2014 and seeks to change the dynamics of land degradation in Latin America and the Caribbean (LAC) by restoring 20 million hectares of land by 2020. Under this initiative, 15 LAC countries and 14 investment funds have committed to restoring over 50 million hectares of degraded lands and have earmarked about \$US 1.5 billion for investment in restoration, respectively.~~

~~**Building on Initiative 20x20, this proposed project aims to identify and promote policies that unlock public and private funding to support the implementation of restoration investments to strengthen the resilience of the Atlantic Region to extreme weather impacts.**~~

### Project / Programme Objectives:

~~Building on Initiative 20x20, The project’s ~~’s~~ objective is to strengthen resilience in the coastal Atlantic region of Belize and Guatemala to ~~the impacts risk posed~~ the impacts induced by induced ~~by~~ the intensification of weather extremes. This will be pursued through the promotion of sustainable landscape restoration efforts (restoration of degraded natural forest, reforestation, optimal management of ~~trees on farms~~ vegetation, sustainable use of mangrove and coastal swamp forests, ~~and landscape management~~) with an emphasis in poor rural areas in the region. Efforts on landscape restoration in coastal areas align to the Central America Commission on Environment and Development’s strategies (CCAD 2014).~~

### Project / Programme Components and Financing in Belize and Guatemala (5 year duration):

~~**Component One. Enabling regulatory frameworks.** The project will identify, promote and support policy and regulatory measures to be adopted by national and local land management authorities, that would enable sustainable, long term efforts in land restoration.~~

~~Building on the political and regulatory dialogue under Initiative 20x20, the project will particularly seek to promote the deployment of fiscal and regulatory incentives to promote restoration processes in the region and, to do so, address issues of land tenure in the areas of intervention. The project will also promote and enhance social organizations, strengthening of communities, development of social platforms to steer the process, linking farms and forests to value chains for the improvement of rural economic welfare~~

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**Component Two. Regional information network.** The project will support the development of a virtual regional information system focused on land use based management, mitigation and response systems to the intensification of extreme weather events. This system would be integrally linked to other regional information networks, for example the proposed system for the Dry Corridor of Central America. The regional information system will collect, analyse and disseminate information generated through the project and from other sources.

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**Component Three. Restoration measures.** The project will support the design and deployment of specific measures in land restoration with a significant potential for replication by the private sector. This effort will consist of restoration investments such as revegetation of coastal areas, reforestation of denuded or degraded coastal forests and mangroves in vulnerable regions, land management schemes, such as agroforestry, silvipastoral systems and sustainable management of hurricane-damaged natural broadleaved and pine forests, that could lead to reduced vulnerability and improved social welfare. The project will also seek the adoption of monitoring processes to follow up on the long-term process of land restoration. The project will treat separately actions that will take place in coastal areas (mangrove and swamp forests) from those inland (restoration of broadleaved and natural pine forests, agroforestry-silvipastoral systems to restore tree cover in farm/pasture lands).

At least two projects per country will be implemented. The investments will seek co-financing from impact investors (2:1) working under the regional initiative for land restoration in Latin America, Initiative 20x20. The projects and co-financiers will be selected on a competitive basis through a process yet to be defined but that would seek to enhance the sustainability and scale of the AF-sponsored projects.

*(Fill in the table presenting the relationships among project components, outcomes, outputs and countries in which activities would be executed, and the corresponding budgets.)*

Project/Programme Components	Expected Outputs	Expected Outcomes	Countries	Amount (US\$)
1. Assessment of alternatives to promote	Assessments of policy and regulatory measures for sustainable land restoration for adaptation Assessments of fiscal and other economic incentives for land adaptation	Improved use of available technical, extension and financial services in support of restoration projects in coastal areas	Costa Rica	8,700,000

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<p>restoration in coastal areas. Regulation and social readiness Supporting a conducive regulatory framework</p>	<p>- Enhanced Promotion of coordination between social organizations, communities and private stakeholders parties that steer the process of Strengthen regulations and local ordinances in support of restoration as an adaptation measure to extreme weather events in coastal areas of the Atlantic region</p>	<p>vulnerable to the intensification of extreme weather events</p>	<p>ff a t a a d B e li z e</p>
<p>Regional adaptation approach to extreme weather events</p>	<p>Regional adaptation approach to extreme weather events</p>	<p>Efficiency in the allocation of available development resources</p>	<p>z e</p>
<p>2. Set up of a regional information system to address the intensification of extreme weather events. Information Readiness Adding key information gaps</p>	<p>- Regional information system focused on land-use based management, mitigation adaptation-based and response systems to the intensification of extreme weather events in operation — working to collect, analyse, disseminate and drive action on information regarding extreme weather events</p>	<p>Improved and timely access to information reduces the damages caused by extreme weather events</p>	<p>G 650,000 u a t e m a t a d B e li z e</p>
<p>3. Implementation of Adaptation Measures Technical Readiness and Private Sector Engagement Implementing restoration measures</p>	<p>- Design and deployment of specific measures in coastal land ecosystems with significant potential for replication by the private sector.  - Participation of private sector in financing of restoration as adaptation measures. Adoption of monitoring processes to capture increased resilience of projects and landscapes adopting land-based adaptation measures. Produce a pipeline of adaptation projects based on land restoration XX ha of coastal (mangrove, swamp) forests, XX ha of inland forests (broadleaved and natural pine) and XX ha of farm/pasture lands with restored tree cover, all affecting XX population benefits from improved resilience to extreme weather events</p>	<p>With restoration for adaptation investments in place, specific land use measures are regionally recognized to have the potential to reduce vulnerability and improve social welfare. Restoration for adaptation investments in place, one in each country</p>	<p>G 76,000,460 u a t e ff a t a d B e li z e</p>
<p>4.3. Communication Dissemination</p>	<p>- Communication of activities Results are disseminated for use by a wider set of actors in the region.</p>	<p>Increased awareness of proposed</p>	<p>G 540,000 u a</p>

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semination of results		measures for adaptation measures.	
6. Project/Programme Execution cost			875,000
7. Total Project/Programme Cost			9,225,000
8. Project/Programme Cycle Management Fee charged by the Implementing Entity (if applicable)			784,125
<b>Amount of Financing Requested</b>			<b>10,009,125</b>

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**Project Duration: 5 years***(In years and months)*

**PART II: PROJECT / PROGRAMME JUSTIFICATION**

*(Provide a brief description of the proposed regional project/programme including, as a minimum<sup>2</sup>, the following aspects:*

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*The project / programme components, particularly focusing on the concrete adaptation activities, how these activities would contribute to climate resilience, and how they would build added value through the regional approach, compared to implementing similar activities in each country individually.*

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**Adaptation activities.** The project proposes ~~the activities components~~ that seek the use of land restoration as an adaptation measure— through regulatory, information and technical ~~readiness~~ activities leading to investments in improved resilience to the intensification of weather extremes. The project has ~~with a focus in biomes and rural communities in the Atlantic coast of Belize and Guatemala (the coastal area from Itzabal lake in Guatemala, Amatique Bay shared by Guatemala and Belize to the northern coastal and Cay areas of Belize. At its core, the~~ The project seeks to promote restoration methods that include revegetation and restoration of coastal areas, which have been shown to ~~reduce risks of prevent~~ soil erosion, reduce the likelihood of floods, mudslides, contribute to maintain stable surface hydrology and stabilize runoffs associated to ~~extreme heavy rain fall linked to extreme precipitation rainfall~~ weather events (UNFCC, 2012). ~~However, a regional approach can inform ongoing adaptation processes in the Central America coastal region where results can benefit from cross-dissemination activities. Promoted a regional approach is required because~~ restoration of major wildlands, watersheds, areas lived in and governed by Miskito and Garifuna peoples, and the negative effects of climate extremes and land degradation, are all trans-frontier. Cooperation among countries is also required in early-warning systems and management responses for climate extremes. Additionally, the regional approach of this project will permit intensive comparative multi-disciplinary monitoring of restoration in different political contexts.

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*How the project would promote new and innovative solutions to climate change adaptation, such as new approaches, technologies and mechanisms.*

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**Innovation.** ~~Different r~~ The restoration approaches in coastal areas will be deployed in the participating countries. The use of restoration approaches as adaptation measures in coastal areas is innovative. Linking private impact investment to support restoration as adaptation efforts will be a first in the region. The cross fertilization between private and public concerns in two neighboring countries exposed to the same risks is also innovative. ~~As a group, restoration measures contrast with~~ This will allow the use of a maximum of different alternatives being tested in the region. The project will initiate a regional communication program and form a regional information center that will collect, analyse and disseminate information generated

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<sup>2</sup> Please note that subsequent proposal stages (concept and fully developed proposal) would require further information on these criteria, as well as additional criteria.

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through the project and from other sources. The information will support decision-making and allocation of resources in the participating nations.

~~The cost-effectiveness of the proposed project / programme, explaining how the regional approach would support cost-effectiveness.~~

**Cost effectiveness.** The involvement of two nations exposed to the same level of risks and sharing an area of high risks of weather extremes (Amatique Bay, part of Hurricane Alley) improves the costs effectiveness of the solutions. Also, the cultural and social proximity of the coastal areas in the two countries calls for a regional approach. The use of restoration approaches rather than hard infrastructure is expected to yield lower costs. Involvement of the private sector will ensure that solutions deployed are cost effective. Dissemination of A coordinated regional and country specific approach will allow the use of lessons learned across coastal landscapes that face similar increases in extreme weather conditions. Restoration approaches for productive activities offer a pathway for similar activities at a region wide level, not only in specific sites in the two countries of focus, of different approaches that can be assessed through similar economic assessments. The proposed invitation to private sector to complement resources for adaptation purposes should result in cost efficient approaches.

-will contribute to drive future costs lower.

~~How the project / programme would be consistent with national or sub-national sustainable development strategies, including, where appropriate, national or sub-national development plans, poverty reduction strategies, national communications, or national adaptation programs of action, or other relevant instruments, where they exist. If you wish and if applicable, you can also refer to regional plans and strategies where they exist.~~

**Development strategies alignment.** At a regional level, ~~the both countries have developed~~ are part of a regional strategy for the conservation and sustainable use of biodiversity in Meso-America (Estrategia Regional para la Conservación y Uso Sostenible de la Biodiversidad en Mesoamérica (CCAD 2003)) as well as a Regional Strategy for Rural Development<sup>3</sup> (Estrategia Centroamericana de Desarrollo Rural Territorial - ECADERT (CAC, 2010)). These are complemented for purposes of the proposed project by a Regional Climate Change Strategy (Estrategia Regional de Cambio Climático - ERCC (CCAD 2010a)) and a Regional Strategy for the Integrated Management of Water Resources (Estrategia y Plan para la Gestión Integrada de Recursos Hídricos en Centroamérica - ECGIRH, elaborada en colaboración con CEPREDENAC (CCAD 2010b)). All of these strategies are set in the context of a Regional Environmental Strategy (Estrategia Regional Ambiental Marco 2015-2020 - ERAM (CCAD 2014)). Also,

The region has also adopted a Regional Strategic Program for the Management of Forest Ecosystems, which calls for sustainable use, conservation and restoration of forest resources (Programa Estratégico Regional para el Manejo de los Ecosistemas Forestales - Perfor (CCAD y CAC, 2014)).

<sup>3</sup> Estrategia Regional para la Conservación y Uso Sostenible de la Biodiversidad en Mesoamérica (CCAD 2003) and Estrategia Centroamericana de Desarrollo Rural Territorial - ECADERT (CAC, 2010)

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## Guatemala

The project supports the implementation of the National Forest Landscape Restoration Strategy, ~~released in 2015~~ that aims to improve adaptation processes to achieve better landscape management and planning on degraded landscapes. The project also supports the country adaptation efforts under the strategic objective 11 from the National Strategy on Biological diversity and the Action Plan 2012-2022 from the National Council of Protected Areas (CONAP). Additionally, this project will contribute to achieve the targets on reduction of deforestation and degradation established under the National Strategy for the reduction of the deforestation and will make the links with mitigation under the Law for the reduction of vulnerability and adaptation to climate change Decree 7-2013. The objective of this project for the improvement of livelihoods in the focus areas of the project will ~~also~~ contribute to the goals ~~expressed on~~ of the National Development Plan K'atun 2032: ~~chapter 13 on Natural resources for today and tomorrow that have~~ with the goal to protect the natural resources in a sustainable way ~~equilibrium with social, cultural, economic and territorial development to satisfy the actual and future demands from the population.~~

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## Belize

The project will contribute to Belize's ~~defined~~ priorities in ~~filling~~ ~~addressing~~ ~~the existing~~ information gap on the role of best ~~land-land-~~use practices as a means of adaptation and by linking restoration opportunities to investments. As determined in Belize's NDC ~~under UNFCCC4~~, ~~adaptation is of the utmost importance for the country due to its high vulnerability to the impacts of climate change.~~ Priority adaptation measures considered should include activities in reserves and sustainable forest management. ~~In the agriculture sector, Belize expects a projected loss of production within the range of 10% to 20% which could lead to million dollars in lost revenue by the year 2100 (Richardson 2009).~~ Other affected sectors include ~~the agriculture~~, fisheries and tourism sectors.

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The project is consistent with key national and sectoral policies, strategies and action plans to incorporate climate change to enhance Belize's resilience. Priority actions are ~~already determined~~ outlined in the National Climate Change Policy, Strategy and Action Plan (2015-2020). The action plan calls for, inter alia, the reviewing of national strategies and regulations, designing monitoring and evaluation frameworks, improving mangrove and habitat conservation and management, institutional strengthening, integrated water resource management and the undertaking of comprehensive assessments on human settlements and infrastructure. More specific climate change adaptation needs in the sectorial plans include the need to educate different stakeholder groups about climate change adaptation measures and to help them develop capacity to research, develop and implement adaptation strategies.

<sup>4</sup>BELIZE Nationally Determined Contribution under the United Nations Framework Convention on Climate Change ([https://unfccc.int/files/focus/ndc\\_registry/application/pdf/belize\\_ndc.pdf](https://unfccc.int/files/focus/ndc_registry/application/pdf/belize_ndc.pdf)).

*The learning and knowledge management component to capture and disseminate lessons learned.*

**Knowledge management.** The project is proposing a dissemination component for knowledge capture and sharing of progress and results with local and regional stakeholders. ~~proposed communication program and regional information system will ensure that lessons and experiences are quickly disseminated.~~

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*The consultative process, planned to be undertaken during project preparation, with particular reference to vulnerable groups, including gender considerations, in compliance with the Environmental and Social Policy of the Adaptation Fund.*

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**Consultative process.** A comprehensive consultation process ~~would be~~ is being undertaken in the region, ~~with a focus~~ sed in capturing the experience of technical partners and other stakeholders working on site the populations and institutions in the most vulnerable areas of the Atlantic Corridor with population at risk. WRI is leading this consultation using the network of technical partners and government institutions involved in Initiative 20x20<sup>5</sup>. ~~The consultation will be organized with WRI's support.~~

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~~How the sustainability of the project/programme outcomes would be taken into account when designing the project / programme.)~~

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**Sustainability.** The project relies on the long-term involvement of the private sector to expand and complement the financing from the adaptation fund for the restoration activities. The involvement of the private sector ~~will~~ is anticipated to provide a 2:1 leverage on the Fund financing. The private sector resources will ~~remake~~ ensure that the restoration activities are also ~~into~~ productive systems that will continue to deliver the adaptation benefit. This will include for example: reforestation through agroforestry and sustainable use of secondary forests as well as sustainable use of restored mangroves.

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<sup>5</sup> ~~Consulted organizations, private stakeholders and local governments~~ stakeholders include: FUNDAECO an NGO working with local communities in the area; the Caribbean Community Climate Change Center (CCCCC), headquartered in Belize, INAB in Guatemala, Defensores de la Naturaleza, INAB, Althelia, American Bird Conservancy,

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### PART III: IMPLEMENTATION ARRANGEMENTS

*(At the pre-concept stage, this section should only 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. The involvement of national institutions, and when possible, national implementing entities (NIEs), partnering in the project should be explained.)*

UNEP is the Implementing Agency. The institutional framework of Initiative 20x20 through

WRI and technical (FUNDAECO, Defensores de la Naturaleza, CCCCC) and investments partners (ALTHELIA, FCF) will assist countries in the implementation of the project components. design and implementation of the regional information component and will also bring the 20x20 platform to bear on the adaptation measures through the participation of private impact investors.—The investors will bid for expansion and operation of the adaptation measures designed under the project leveraging 24:1 the resources from the Fund.

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CATIE will lead in the assessment on policy and regulation for adaptation measures through restoration in the region.

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At a country level, each nation will appoint a coordinating body with representation from the Ministry of Agriculture, Fisheries, Forestry, the Environment Sustainable Development and Immigration and INAB in Guatemala and the Ministry of Environment and Natural Resources in Belize. These bodies plus the three institutions above will form a steering committee for purposes of project implementation. The committee will use the members from the Initiative 20x20 network of technical partners to support project activities when relevant.

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

**A. Record of endorsement on behalf of the government<sup>6</sup>** *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.*

Hon. Omar Figueroa, Minister of State, <b>Ministry of Agriculture, Fisheries, Forestry, the Environment Sustainable Development and Immigration</b> <u>Dr. Joseph Waight</u> <u>Finance Secretary, Ministry of Finance</u>	Date: June 27 <sup>th</sup> , 2017
<u>Dr. Sydney Alexander Samuels Milson, Minister, <b>Minister Ministry of Environment and Natural Resources</b></u>	Date: February 9 <sup>th</sup> 2018
<i>{Enter Name, Position, Ministry}</i>	Date: <i>{Month, day, year}</i>

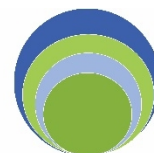
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**B. Implementing Entity certification** *Provide the name and signature of the Implementing Entity Coordinator and the date of signature. Provide also the project/programme contact person's name, telephone number and email address*

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 (.....list here.....) 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.	
Name & Signature Implementing Entity Coordinator	
Date: <i>{Month, Day, Year}</i>	Tel. and email:
Project Contact Person:	
Tel. And Email:	

<sup>6</sup> 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.





Forestry and Climate  
Change Fund

## EXPRESSION OF INTEREST

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To: World Resources Institute  
Mr. Walter Vergara

From: Kaspar Wansleben, CEO  
+352 2747 3530  
kaspar@fccf.lu

Date: 12 February 2018

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To whom it may concern,  
dear Walter,

We welcome very much the initiative of WRI, UNEP and CATIE to create more resilient and climate smart landscapes in the coastal areas of Guatemala and Belize. Our activities in Guatemala have shown that increased efforts are needed to adapt to the increasingly felt effects of a changing climate.

Based on the concept note entitled: "INCREASING CLIMATE RESILIENCE THROUGH RESTORATION OF DEGRADED LANDSCAPES IN THE ATLANTIC REGION OF CENTRAL AMERICA" we understand the project seeks to promote landscape restoration and revegetation efforts in different areas (restoration of degraded natural forest, reforestation, optimal management of trees on farms, sustainable use of mangrove and coastal swamp forests, and landscape management) with an emphasis in poor rural areas in the region, whereas restoration is key to protect natural capital, social welfare, promote job creation and offer a mechanism to strengthen resilience to climate impacts.

The Forestry and Climate Change Fund (FCCF) invests into productive restoration of secondary and degraded forest and sees tremendous potential to create functional and resilient landscapes of forest and agricultural lands in the region. We focus our restoration efforts on areas with certain biological characteristics in view of our investment horizon. We would welcome very much intelligent combinations of grant and non-grant financial instruments to further the possible scope of projects we can finance.

We wish all the parties all the best for this application to the Adaptation Fund and look forward to discuss close collaboration in the Atlantic regions of Nicaragua and Belize in the near future.

Kind regards,

Kaspar Wansleben  
Executive Director



**althelia**  
ecosphere

**World Resources Institute**

10 G Street, NE  
Suite 800  
Washington, DC 20002  
United States

Althelia Ecosphere  
5, rue Guillaume Kroll,  
L-1884 Luxembourg  
Grand Duchy of Luxembourg

[www.althelia.com](http://www.althelia.com)

London, 13<sup>th</sup> February, 2018

**Subject:** grant Proposal World Resource Institute, Adaptation Fund request US\$7m as project co-financing for Guatemala and Belize

Dear Mr. Vergara

This is to indicate our interest in exploring opportunities to invest in the restoration of degraded areas in the Atlantic Corridor of Guatemala and Belize through farmers' cooperatives financing, social businesses and REDD+ schemes, among others, provided there are investible opportunities, good governance and transparency, strong local project developers with track-record in sustainable management of natural resources under a community-management approach. Our funding would require, as well, in cash co-financing for local activities in order to increase impacts, decrease operational costs (usually very high due to the community and landscape approaches), and make the projects bankable.

Therefore, we are keen to work with WRI in securing funding for the proposed project, **"INCREASING CLIMATE RESILIENCE THROUGH RESTORATION OF DEGRADED LANDSCAPES IN THE CARIBBEAN/ATLANTIC REGION OF CENTRAL AMERICA"**.

**Currently**, we have a total US\$11m investment commitment in the Caribbean Forest Corridor through an Agroforestry and REDD+ Project with the NGO Fundaeco, and we are keen to match and increase the impacts of such commitment.

We understand that WRI project seeks to promote landscape restoration efforts (restoration of degraded natural forest, reforestation, optimal management of trees on farms, sustainable use of mangrove and coastal swamp forests, and landscape management) with an emphasis in poor rural areas in the region, targeting vulnerable populations, with a strong commitment to quantifiably increase their quality of life.

We look forward to soliciting a request to the Adaptation Fund by WRI and for an opportunity to discuss in more detail how to best support these efforts, and operationalise such grant so it make the best impact possible on the ground, supporting the achievement of SDGs, Challenge Bonn and 20x20 Initiative Targets.

Warm regards,

Juan Carlos Gonzalez-Aybar  
Latin America Director - Mirova Althelia

Adam Gibbon  
Investment Director - Guatemala investment officer



Walter Vergara  
Senior Fellow Coordinator Initiative 20x20  
World Resources Institute  
10 G Street, NE, Suite 800  
Washington, DC 20002 USA  
WRI.org

Dear Mr. Vergara

This is to indicate our interest in exploring opportunities to invest in degraded areas in the Atlantic Corridor of Guatemala and Belize provided funding is secured for the proposed **“INCREASING CLIMATE RESILIENCE THROUGH RESTORATION OF DEGRADED LANDSCAPES IN THE ATLANTIC REGION OF CENTRAL AMERICA”**. We understand the project seeks to promote landscape restoration efforts (restoration of degraded natural forest, reforestation, optimal management of trees on farms, sustainable use of mangrove and coastal swamp forests, and landscape management) with an emphasis in poor rural areas in the region.

We look forward to hearing updates on the progress of the request to the Adaption Fund and to opportunities to discuss in more detail how best to support these efforts.

Best Regards,

A handwritten signature in black ink, appearing to read "Richard Ambrose".

Richard Ambrose  
Managing Director  
Pomona Impact LLC



**GOVERNMENT OF BELIZE**  
*Ministry of Finance*  
*Belmopan, Belize*

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C/GEN/120/01/18(2) VOL I

February 9, 2018

The Adaptation Fund Board  
c/o Adaptation Fund Board Secretariat  
Email: [secretariat@adaptation-fund.org](mailto:secretariat@adaptation-fund.org)  
Fax: 202 522 3240/5

**Subject: Support letter for the project proposal entitled “Increasing climate resilience through restoration of degraded landscapes in the Atlantic region of Central America”**

We wish to refer to the project concept “Increasing climate resilience through restoration of degraded landscapes in the Atlantic region of Central America” presently under development by World Resources Institute (WRI) and Centro Agronómico Tropical para la Investigación y Enseñanza (CATIE).

We wish to provide our endorsement and support for the project proposal submitted by WRI and CATIE which supports our National Climate Change Policy in advancing adaptation actions to reduce the adverse impacts and risks posed by climate change.

Sincerely,

A handwritten signature in blue ink, appearing to be 'J. Waight'.

**Mr. Joseph Waight**  
**Financial Secretary**  
**Ministry of Finance**



c: National Climate Change Office