



ADAPTATION FUND

AFB/PPRC.23/33
24 September, 2018

Adaptation Fund Board
Project and Programme Review Committee
Twenty-Third Meeting
Bonn, Germany, 9-10 October, 2018

Agenda Item 7 g)

PROPOSAL FOR EL SALVADOR, HONDURAS (WFP)

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. At 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. At 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. At 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. At its twenty-seventh meeting the 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. At its thirty-first meeting, having considered the comments and recommendation of the Project and Programme Review Committee, the Adaptation Fund Board (the Board) decided:

(a) *To merge the two pipelines for technically cleared regional proposals established in decision B.28/1(b)(ii), so that starting in fiscal year 2019 the provisional amount of funding for regional proposals would be allocated without distinction between the two categories originally described in document AFB/B.25/6/Rev.2, and that the funding of regional proposals would be established on a ‘first come, first served’ basis; and*

(b) *To include in its work programme for fiscal year 2019 provision of an amount of US\$ 60 million for the funding of regional project and programme proposals, as follows:*

(i) *Up to US\$ 59 million to be used for funding regional project and programme proposals in the two categories of regional projects and programmes: ones requesting up to US \$14 million, and others requesting up to US\$ 5 million; and*

(ii) *Up to US\$ 1 million for funding project formulation grant requests for preparing regional project and programme concepts or fully-developed project and programme documents.*

(Decision B.31/3)

11. 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.
12. The following project pre-concept document titled “Improve Livelihood Resilience through Community-based Climate Change Adaptation in the Transboundary Watershed of Goascorán in El Salvador and Honduras” was submitted for El Salvador and Honduras by the World Food Programme (WFP), which is a Multilateral Implementing Entity of the Adaptation Fund.
13. This is the first submission of the regional project pre-concept proposal using the three-step submission process.
14. The current submission was received by the secretariat in time to be considered in the thirty-second Board meeting. The secretariat carried out a technical review of the project proposal, with the diary number LAC/MIE/Food/2018/PPC/1, and completed a review sheet.
15. In accordance with a request to the secretariat made by the Board in its 10th meeting, the secretariat shared this review sheet with WFP, and offered it the opportunity of providing responses before the review sheet was sent to the PPRC.
16. 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

El Salvador and Honduras – Improve Livelihood Resilience through Community-based Climate Change Adaptation in the Transboundary Watershed of Goascorán in El Salvador and Honduras

Implementing Entity: World Food Programme (WFP)

Project/Programme Execution Cost: 1,111,500 USD

Total Project/Programme Cost: 12,811,500 USD

Implementing Fee: 1,088,978 USD

Financing Requested: 13,900,478 USD

[Project/Programme] Background and Context

The transboundary watershed of Goascorán is located in the border area between the Eastern region of El Salvador and South-western region of Honduras and is part of the Central American Dry Corridor, one of the most vulnerable areas to climate change due to high climate variability, exposure to extreme weather events and poverty of its population. The main effects of climate change in the Dry Corridor are an increasing frequency and intensity of droughts, excessive rains and severe flooding, with greater impacts experienced in environmentally degraded areas. Due to recurrent droughts in three of the last five years, the majority of communities have reduced their planting cycle from twice to once a year, lowering production and suffering from significant income losses in the staple grains sector. Droughts have also affected other agricultural sectors such as sugar cane, coffee, fish farming, aviculture and livestock. As a consequence, rural communities' livelihoods are increasingly challenged to meet basic food and nutritional needs, further exacerbating food insecurity and poverty.

The objective of the proposed project is to strengthen the adaptive capacity of vulnerable households in the degraded transboundary watershed of Goascorán, which spans across territory in El Salvador and Honduras. It aims to do so by providing communities with integrated climate risk management tools and services that enhance their resilience to climate risks.

The project has two main components:

Component 1: Strengthening the capacities of national and local institutions to enable implementation of adaptation mechanisms that sustainably address climate change impacts, particularly on food security and nutrition (3,000,000 USD)

This component aims to strengthen the capacities of national and local institutions to enable implementation of adaptation mechanisms that address climate change impacts, particularly on food security and nutrition.

Component 2: Improving the adaptive capacity of vulnerable households, through the introduction of climate change adaptation good practices, risk management strategies and climate services. (8,700,000 USD)

This component aims to improve the adaptive capacity of vulnerable households through the introduction of climate change adaptation good practices, risk management strategies, and climate services.



ADAPTATION FUND

ADAPTATION FUND BOARD SECRETARIAT TECHNICAL REVIEW OF PROJECT/PROGRAMME PROPOSAL

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

Countries/Region: **El Salvador and Honduras (Central America)**
 Project Title: **Improve livelihood resilience through community-based climate change adaptation in the transboundary watershed of Goascorán in El Salvador and Honduras**
 Thematic focal area: **Food Security**
 Implementing Entity: **World Food Programme**
 Executing Entities: **El Salvador: Ministry of Environment and Natural Resources (MARN) and National Center for Agricultural and Forestry Technology (CENTA), Ministry of Agriculture (MAG)**
Honduras: Ministry of Natural Resources and Environment (MiAmbiente), Ministry of Agriculture and Livestock (SAG), the Institute of Forest Conservation and Development, Protected Areas and Wildlife (ICF), Presidential Office for Climate Change (Clima+)
 AF Project ID: **LAC/MIE/Food/2018/PPC/1**
 IE Project ID: Requested Financing from Adaptation Fund (US Dollars): **\$14.000.000**
 Reviewer and contact person: **Daniel Gallagher** Co-reviewer(s): **Christian Severin, Martina Dorigo**
 IE Contact Person(s):

Review Criteria	Questions	Comments	Comments 10 September 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	

Project Eligibility	1. Have the designated government authorities for the Adaptation Fund from each of the participating countries endorsed the project/programme?	Yes, for both countries.	
	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>Not fully.</p> <p>A more complete description of the issues in the Goascorán River Basin is required. It is understood that there is a number of climate-induced issues at play in the basin, but there is a lack of detail in relation to the local, national and regional effects of climate change relevant to the project proposal. If these are described in more detail, it will be easier to understand what the project will be addressing. It will also be easier for the project proponents to provide more detail on project outcomes and outputs to be delivered by the proposed interventions.</p> <p>CR1: Please provide a more complete description of the climate-related issues that relate to the Goascorán River Basin, with attention to local, national and regional effects, in order that the project document more connects these effects with the proposed interventions. Kindly make sure there is a good balance of investments at the central versus local levels, to make sure most resources go to the local level and ideally by working with local organizations with</p>	<p>CR1: Addressed.</p> <p>The effects of increasing extreme weather, decreasing precipitation and worsening drought in the Goascorán watershed are documented against the backdrop of ecological degradation and high levels of poverty (pp.1-2)</p>

		the capacity to promote the intended changes.	
	3. Have the project/programme objectives, components and financing been clearly explained?	No. As the proposal lacks details on the issues in the Goascorán basin, it is hard to understand what will be achieved in the generically described components.	Project objectives, components, financing are now more clearly explained.
	4. Has the project/programme been justified in terms of how: - 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?	<p>No, the project does not fully explain what will be achieved through this proposed regional investment that would not be achievable through single country interventions. There is a lack of promotion and implementation of innovative tools and solutions. The knowledge management strategy is reasonably well developed and among others describes how lessons learned will be hosted by a transboundary governing body.</p> <p>CR2: In terms of improving the adaptive capacity of vulnerable households, how does the “community-based adaptation” approach contemplate the balance between traditional knowledge and “innovative elements”?</p>	<p>CR2: Addressed.</p> <p>Approaches including ecosystem-based adaptation, conservation agriculture practices, soil and water conservation, crop diversification, water harvesting and irrigation, agro-forestry practices and watershed management will be complemented with “innovative” approaches including a pilot micro-insurance program and climate information services (pp. 2-3).</p>

	- it will take into account sustainability?	<p>For CR5, it would be essential to understand how the transboundary management envisioned of the common river resources, will be an essential step towards ensuring accessibility of crucial water and ecosystem services across the entire river course.</p>	
		<p>CR3: In the domain of “knowledge transfer and collective learning” the project contemplates a “binational communication mechanism.” What is the long-term institutional vision for that mechanism and how does the project design account for the long-term financial sustainability of that mechanism?</p> <p>CR4: Transboundary management in the Goascorán basin has been ongoing for more than a decade, including efforts at reform in water law, and capacity-building at national and local level for hydro-diplomacy in the basin. How will “strengthening the implementation of national and local institutions adaptation mechanisms” take into account those extant efforts? What, more specifically, will be strengthened through this regional</p>	<p>CR3: Addressed.</p> <p>The project foresees the appropriation of the mechanism by the governments through the bi-national governance body, hosted in the Central American Integration System (SICA; <i>Sistema de la Integración Centro Americano</i>) (pp.5-6). It is envisioned that both countries will provide dedicated staff to ensure long-term sustainability of the governance body and related mechanisms. Specific arrangements to ensure the long-term sustainability of the mechanism will be defined and formalized in detail during the preparation of the concept note and full project proposal.</p> <p>CR4: Addressed.</p> <p>Detailed consultations will be undertaken at concept note preparation stage, to ensure that all previous experiences are taken into consideration, duplication is avoided, and lesson learned incorporated. A first assessment shows that despite previous and current efforts, several gaps need to be addressed to improve adaptive capacities in the Goascorán basin (pp.2).</p>

		project, complementing (and avoiding duplication of) those extant efforts?	
	<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>Somewhat. The pre-concept does mention national entities, however it lacks a section that describes how and when these different organisations will be engaging.</p> <p>CR5: Please briefly explain which organizations would be involved in the regional project/programme at the regional and national/sub-national level and how coordination would be arranged between these organizations.</p> <p>Is it noted that <i>“The creation of a bi-national governance body will ensure the countries benefit from each other strengths and from different progress on climate change adaptation”</i>, nevertheless, governance bodies already exist in both countries. In the case of Honduras there is a Goascorán Watershed Board, which came to life supported by a recently enacted Water Law, in the case of El Salvador there are two Technical Environmental Dialogue Forums, governance spaces that promote watershed governance. During the first decade of this century there was an effort called Bi-national Goascorán Watershed Committee, promoted and funded by the European Union, although no longer in place this exercise produced as a main output a Management Plan for the Goascorán</p>	<p>CR5: Addressed. (pp.5-6)</p>

		Watershed. CR 6: Kindly justify the creation of a bi-national governance body for this proposal.	CR6: Addressed. The governance body will provide a permanent institutional structure for transboundary management coordination beyond water management to address wider adaptation and development concerns. (pp.4)
Resource Availability	6. Is the requested project / programme funding within the funding windows of the pilot programme for regional projects/programmes?	Yes	
	7. Are the administrative costs (Implementing Entity Management Fee and Project/ Programme Execution Costs) at or below 20 per cent of the total project/programme budget?	Yes	
Eligibility of IE	8. Is the project/programme submitted through an eligible Implementing Entity that has been accredited by the Board?	Yes	

Technical Summary	The pre-concept identified a potentially interesting set of investments, but it was challenging to access due to the lack of a more complete description of the (climate-induced and other) issues in the Goascorán River Basin. It is understood that there is a number of climate-induced issues affecting livelihoods and ecosystems in the basin, but the lack of detail in relation to the local, national and regional effects of climate change precludes a better understanding of how the project aims to address those issues. Without that more complete description, it is difficult to understand what will be achieved in the generically described components. Furthermore, while a transboundary approach for basin-wide issues is to be commended in theory, the project does not fully explain
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what would be achieved through the regional investment that could not be achievable through single country interventions. Finally, the proposed funding envelope is very high for the proposed set of activities.

Six clarification requests (CR) were made:

CR1: Please provide a more complete description of the climate-related issues that relate to the Goascorán River Basin, with attention to local, national and regional effects, in order that the project document more connects these effects with the proposed interventions. Kindly make sure there is a good balance of investments at the central versus local levels, to make sure most resources go to the local level and ideally by working with local organizations with the capacity to promote the intended changes.

CR2: In terms of improving the adaptive capacity of vulnerable households, how does the “community-based adaptation” approach contemplate the balance between traditional knowledge and “innovative elements”?

CR3: In the domain of “knowledge transfer and collective learning” the project contemplates a “binational communication mechanism.” What is the long-term institutional vision for that mechanism and how does the project design account for the long-term financial sustainability of that mechanism?

CR4: Transboundary management in the Goascorán basin has been ongoing for more than a decade, including efforts at reform in water law, and capacity-building at national and local level for hydro-diplomacy in the basin. How will “strengthening the implementation of national and local institutions adaptation mechanisms” take into account those extant efforts? What, more specifically, will be strengthened through this regional project, complementing (and avoiding duplication of) those extant efforts?

CR5: Please briefly explain which organizations would be involved in the regional project/programme at the regional and national/sub-national level and how coordination would be arranged between these organizations.

CR 6: Kindly justify the creation of a bi-national governance body for this proposal.

The final technical review finds that the pre-concept document has addressed the clarification requests and provided sufficient information at this stage.

Date:

10 September 2018



PRE-CONCEPT FOR A REGIONAL PROJECT

PART I: PROJECT INFORMATION

Title of Project/Programme:	Improve livelihood resilience through community-based climate change adaptation in the transboundary watershed of Goascorán in El Salvador and Honduras
Countries:	El Salvador, Honduras (Central America)
Thematic Focal Area:	Food security
Type of Implementing Entity:	Multilateral Implementing Entity (MIE)
Implementing Entity:	World Food Programme (WFP)
Executing Entities:	El Salvador: Ministry of Environment and Natural Resources (MARN) and National Center for Agricultural and Forestry Technology (CENTA), Ministry of Agriculture (MAG). Honduras: Ministry of Natural Resources and Environment (MiAmbiente), Ministry of Agriculture and Livestock (SAG), the Institute of Forest Conservation and Development, Protected Areas and Wildlife (ICF), Presidential Office for Climate Change (Clima+)
Amount of Financing Requested:	14.000.000 (in U.S Dollars Equivalent)

Project Background and Context:

The transboundary watershed of Goascorán is located in the border area between the Eastern region of El Salvador and South-western region of Honduras and is part of the Central American Dry Corridor, one of the most vulnerable areas to climate change due to high climate variability, exposure to extreme weather events and poverty of its population¹. The main climate change effects in the Dry Corridor are an increasing frequency and intensity of droughts, excessive rains and severe flooding, with greater impacts experienced in environmentally degraded areas.

Drought events and high temperatures severely affect health, agriculture and the environment, particularly in areas experiencing an increasing water deficit. During the years of El Niño, precipitation in the Dry Corridor drops by 30% - 40%, with long periods of heatwaves. With few water storage facilities, water scarcity will worsen as increased temperatures and decreased rainfall accentuate the drought cycle, reduce surface flows and lower groundwater levels. Since June 2018, the basin of the Goascorán River reported a reduction of water flow of 70-75%, affecting communities in the two countries.

Due to recurrent droughts in three of the last five years, the majority of communities have reduced their planting cycle from twice to once a year, lowering production and suffering from significant income losses in the staple grains sector. In Honduras, two years of consecutive drought starting in 2014 led to a loss of 96% of maize yields and 87% of beans, while in El Salvador maize production is projected to decline by 10% and beans by 29% by 2070 due to climate change. Droughts have also affected other agricultural sectors such as sugar cane, coffee, fish farming, aviculture and livestock. As a consequence, rural communities' livelihoods are increasingly challenged to meet basic food and nutritional needs, further exacerbating food insecurity and poverty.

These communities are also challenged by low adaptive capacities, including a lack of access to knowledge, skills, tools, assets and services, and which further increases their vulnerability to climate

¹ Global Climate Risk Index 2018, <https://germanwatch.org/en/14638>

change; women in particular lack this access. Communities apply traditional agriculture practices that together with insufficient technical assistance, inefficient or absent irrigation systems, and poor soil and water conservation practices, reduce their ability to adapt to climate impacts, depletes natural resources and has severe negative environmental impacts such as soil deterioration and fertility reduction, deforestation, erosion, and subsequent increased risk of mudslides and landslides and river sedimentation.

In the transboundary watershed of Goascorán, harboring around 327,000 inhabitants across the two countries, climate-related disasters have already severely disrupted food production, led to the displacement of communities, seen loss of lives and assets, and caused an overall reduction of community resilience, especially affecting women and children. Despite the previous efforts to create and enhance a bi-national body to establish the basin's hydro-management, challenges persist in getting stakeholders to commit to strengthening the long-term governance of such a bi-national watershed management platform. Similarly, while early warning systems exist at the national level in both countries, communities in the Goascorán watershed lack access to timely and locally-accurate climatic information to help them make well-informed decisions to help them protect their livelihoods and make them more climate resilient.

The proposed project aims to **strengthen bi-national cooperation and build the climate resilience and food security of communities** through a comprehensive strategy that combines the promotion of climate adaptation practices (using methods such as ecosystem-based adaptation, community-based adaptation and conservation practices) with the implementation of a range of innovative interconnected climate risk management strategies. Since both countries have different strengths in a range of areas, the project will also **encourage cross-border institutional knowledge sharing to promote lasting resilience.**

Project Objectives:

The project's main goal is to strengthen the climate change adaptive capacity of vulnerable households in the degraded transboundary watershed of Goascorán across El Salvador and Honduras by providing communities with integrated climate risk management tools and services that enhance their resilience to climate risks.

The Project will promote climate change adaptation strategies in the transboundary watershed by:

- 1) Strengthening the capacities of national and local institutions to enable implementation of adaptation mechanisms that sustainably address climate change impacts, particularly on food security and nutrition;
- 2) Improving the adaptive capacity of vulnerable households, through the introduction of climate change adaptation good practices, risk management strategies and climate services.

Project Components and Financing:

Project Components	Expected Outcomes	Expected Outputs	Countries	Amount (US\$)
1. Strengthen the capacities of national and local institutions to enable implementation of adaptation mechanisms that sustainably address climate change impacts, particularly on	1.1 Strengthened national and local mechanisms to manage climate change at local level	1.1.1 National climate change adaptation strategies and mechanisms, including appropriate watershed management and ecosystem-based practices, implemented at local level	El Salvador Honduras	3,000,000
	1.2 Strengthened bi-national, national and local climate services and knowledge on climate change impacts, adaptation practices and food security and nutrition in the transboundary watershed	1.2.1 Strengthened national early warning systems for a bi-national approach in the Goascorán basin that delivers timely and locally-accurate climate information to communities	El Salvador Honduras	
		1.2.2 Bi-national knowledge sharing among institutions in the Goascorán basin is promoted to strengthen and bring to scale successful local	El Salvador Honduras	

food security and nutrition		mechanisms that address climate change adaptation		
2. Improve the adaptive capacity of vulnerable households, through the introduction of climate change adaptation good practices, risk management strategies and climate services	2.1 Improved access to livelihoods assets, enhanced resilience and reduced impact derived from climate variability and change in food insecure communities and households	2.1.1 Technical support for assets creation and restoration at community and household levels, to generate sustainable productive landscapes more resilient to climate risks	El Salvador Honduras	8,700,000
		2.1.2 Climate adaptation practices introduced and applied by vulnerable households in the project area	El Salvador Honduras	
	2.2 Improved access of smallholder farmers to financial services and climate risk management strategies	2.2.1 Provide climate risk transfer mechanisms, such as micro-insurance	El Salvador Honduras	
		2.2.2 Improve access to credit and savings	El Salvador Honduras	
	2.3 Strengthened vulnerable households' access to knowledge and information on climate change adaptation, climate risk management, climate services and food security and nutrition	2.3.1 Improve access to climate information services by smallholder farmers and communities	El Salvador Honduras	
		2.3.2 Promote access to and exchange of knowledge and information at community level		
Project Execution cost (9.5%)				1,111,500
Total Project Cost				12,811,500
Project Cycle Management Fee charged by the Implementing Entity (8.5%)				1,088,978
Amount of Financing Requested				13,900,478

Project Duration: Four years

PART II: PROJECT JUSTIFICATION

The resources will be invested to address key technical, financial and information-based barriers to implement effective climate change adaptation strategies, at binational, national and local level.

The project will build on WFP's consolidated experience on integrated climate risk management, including the R4 rural resilience initiative² and climate services. It will look to strengthen household and community adaptive capacities through the implementation of a range of interconnected risk strategies, including **risk reduction** (improving resource management through asset creation); **prudent risk taking** (providing capacity building on livelihoods diversification and microcredit); **risk reserves** (enabling savings); **risk transfer** (exploring how micro-insurance could be introduced to compensate farmers in the event of weather-related shocks); and **risk information** (exploring how climate services can reach different segments of the target groups). This combination of activities aims to build the adaptive capacities of these communities by protecting them from climate shocks, reducing their use of negative coping strategies, and stimulating faster recovery.

Working with these communities, this project also aims to connect families with technical support that will improve their agricultural production and introduce them to adaptation practices, with a special focus on women's and vulnerable group's needs. This can include appropriate **ecosystem-based adaptation, community-based adaptation and conservation practices**, including the conservation and suitable use

² WFP R4 <http://www1.wfp.org/r4-rural-resilience-initiative>

of soil and water, crop diversification, water harvesting and irrigation, agro-forestry practices and **risk reduction**. It can also include climate smart agricultural practices involving a combination of “hard technologies” (including new irrigation systems or drought resistant seeds) as well as “soft technology” (including biodiversity management, early warning or farmer-to-farmer knowledge sharing). These aim to assist these families and communities to improve their access to knowledge, skills, tools, assets and services, and which will ultimately raise their adaptive capacity, and concurrently improve livelihoods, food security and nutrition in the transboundary area.

The institutional focus of the project will address the remaining barriers to an effective implementation of adaptation strategies at the local level. The project will aim to examine institutional and legal frameworks that can support the connection of rural communities with technical, financial and climate information services. It will also emphasize institutional capacity strengthening at binational, inter-institutional and local levels by sharing knowledge and information on adaptation practices and experiences across the borders of both countries. Long-term sustainability will also be emphasised through building processes that guarantee local participation and ownership.

The regional approach is key to address cross boundaries climate change challenges in the bi-national Goascorán watershed, which currently are mainly addressed nationally. In order to develop long term and sustainable climate change adaptive capacities and to increase efficiency, it is necessary to act regionally to encompass the totality of the watershed area and be able to address the challenges in their totality. Over the years, the two countries have addressed separately and differently the issues in the territory, developing capacities in different fields, including early-warning systems, legal frameworks for micro-insurance, climate change adaptation strategies, natural resources management, watershed management planning and related legal frameworks. The regional approach will allow both countries to learn from each other, share strengths and knowledge, harmonising resources to generate solutions for communities in both countries. It will reduce duplication, generate cost savings, allow to reach more communities in a more effective and regional coordinated approach. The project will also support the strengthening of national early warning systems for a bi-national approach in the Goascorán basin that delivers timely and locally-accurate climate information to communities. Additionally, this regional project will facilitate joint climate research and analysis as well as knowledge-sharing mechanisms.

The project will strengthen **knowledge transfer** and **collective learnings** to ensure long-term sustainability of adaptation building activities. Through binational network and community level engagement the project will promote participatory and peer-to-peer learning. The project will establish climate and food security information services, linking binational, national and local stakeholders for dissemination of climate adaptive hands-on practices and strategies. This constitutes an innovative aspect of the project by creating long-term bi-national communication mechanism. A bi-national governance body will ensure the countries benefit from each other strengths and from different progress on climate change adaptation. Building on existing and previous efforts – such as local governance bodies and the Bi-National Goascorán Watershed Management Group for water management - the bi-national governance body will provide a permanent institutional structure for transboundary management coordination and bi-national communication beyond water management to address wider adaptation and development concerns.

Alignments: The proposed project aligns with key governments’ policies and strategies in the area of agriculture, rural development and climate change adaptation. These include:

El Salvador: the Government Five-Year Development Plan 2014-2019; El Salvador Sustainable Plan 2018-2030; the National Climate Change Plan and the Environmental Strategy on Adaptation and Mitigation to Climate Change from the Farming, Forestry, and Aquatic Sector of the Ministry of Agriculture and Livestock; the National Strategy on Climate Change in the farming sector; and the Forestry Policy 2016-2036.

Honduras: the Country Vision 2010-2038 and the National Plan 2010-2022; the Forestry, Protected Areas and Wildlife Law; the Climate Change Law; the Master Plan of Water, Forest and Soil (ABS); the Honduras National Climate Change Strategy; and the National Adaptation Plan 2018-2030.

The proposed project is in line with WFP's global mandate and it contributes to the strategic objectives 3, 4 and 5 which reduce climate and other shocks, enabling people, communities and countries to build resilience and strengthen their capacity to meet their own food and nutrition needs. Additionally, project activities align with the WFP Climate Change Policy³. The project also contributes directly to the following Sustainable Development Goals: SDG 2, SDG 13 and SDG 15; and indirectly to SDG 5, 6, 8, 12 and 17.

Gender focus: WFP guarantees both gender equity and equality in all its interventions, based on recognition of social inequalities, different needs and interests between men and women (WFP marker 2A). While developing interventions, these specific needs will be identified and actions will be implemented in order to guarantee equal participation of both women and men. The targeting and selection of the families will be done through the collection of disaggregated data, including households having persons with disabilities, pregnant and lactating mothers, children and elderly in order to ensure the distinguished needs of the most vulnerable people are addressed.

In El Salvador and Honduras, agriculture represents an important source of livelihood for both men and women, but women face fundamental challenges such as a lack of formal education and awareness of personal rights and empowerment, as well as greater financial resource constraints. For example, women may lack the power to make timely farming decisions, introduce new adaptive practices and anticipate weather-related choices. Vulnerability to climate change exacerbates gender inequality. Through assessments and Community-based Participatory Planning (CBPP) processes, active participation of women will be promoted, allowing their specific needs to be included in the project design and work plans.

Social and economic benefits for vulnerable groups: The project targets households vulnerable to climate risks and food insecurity. By rehabilitating environmentally degraded areas through an ecosystem-based approach, populations will have better access to productive lands and water. Enhancing local adaptive capacities through community participatory planning, this project will improve risk management and livelihood stability in the face of natural hazards and empower communities to cope with climate change.

Effective planning: During the concept note formulation, various analyses and feasibility studies will be carried out to tailor the activities to the needs of the communities. The analyses will include i) Municipalities prioritization to select the territories; ii) Climate Change Vulnerability and Risk Assessment to evaluate the overall vulnerability; iii) Community consultations through focus groups to identify communities' needs; iv) feasibility assessments for integrated risk management tools such as micro-insurance and climate services; v) institutional capacity needs assessment; and v) livelihood Seasonal Planning. All the studies will include a gender analysis to incorporate a gender-transformative approach into action plans.

PART III: IMPLEMENTATION ARRANGEMENTS

The project will be implemented according to (i) the countries' climate change and environment priorities and strategies; (ii) the Basic Agreement between WFP and the Governments; (iii) WFP's El Salvador⁴ and Honduras⁵ Country Strategic Plans; and (iv) the 2017-2021 United Nations Development Assistance Framework (UNDAF).

WFP will serve as the Multilateral Implementing Entity (MIE) of the project. It will be responsible and accountable for managing the project, including ensuring effective use of project funds, oversight and reporting and for achieving project objectives.

It is envisaged the **executing entities** of the project will include the Ministry of Environment and Natural Resources (MARN) - National Center for Agricultural and Forestry Technology (CENTA), and the Ministry of Agriculture (MAG) in El Salvador; the Ministry of Natural Resources and Environment (MiAmbiente),

³ <http://documents.wfp.org/stellent/groups/public/documents/eb/wfp289327.pdf>

⁴ <http://www1.wfp.org/operations/sv01-el-salvador-country-strategic-plan-2017-2021>

⁵ <http://www1.wfp.org/operations/hn01-honduras-country-strategic-plan-2018-2021>

the Ministry of Agriculture and Livestock (SAG), the Institute of Forest Conservation and Development, Protected Areas and Wildlife (ICF), and the Presidential Office for Climate Change (Clima+) in Honduras. The countries' respective Ministries of Foreign Affairs will also play a fundamental role especially this being a trans-border project. At the local level, the project will involve departmental, provincial and municipal authorities and relevant stakeholders, such as associations of municipalities, local economic development institutions, and governance bodies. Civil society involvement will be facilitated through the participation of NGOs, smallholder farmer organizations and community leaders in various project activities. The Bi-national governance body structure will be based in the Central American Integration System – SICA and will act as a transboundary coordinator entity, which will facilitate the dialogue between respective national ministries, departmental, provincial and municipal authorities and relevant stakeholders, such as community leaders, associations of municipalities, local economic development institutions, NGOs and governance bodies. The Bi-national governance body will leverage existing stakeholders capacities while it will also provide the necessary political endorsement by respective national governments ensuring project impact and long-term sustainability.

The project will work with highly specialized organizations including the Food and Agriculture Organisation (FAO), the Inter-American Institute for Agricultural Cooperation (IICA), the Centre for Tropical Agricultural Research and Learning (CATIE), and the Pan-American Agricultural School - Zamorano University to rely on their comparative advantages to implement field-level trainings and activities.

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

A. Record of endorsement on behalf of the government

<i>Lina Dolores Pohl, Minister, Ministry of Environment and Natural Resources</i>	Date: <i>See attachment 1</i>
<i>Jose Antonio Galdames, Secretary of State, Secretariat of National Resources and Environment</i>	Date: <i>See attachment 2</i>

B. Implementing Entity certification

<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 El Salvador and Honduras and subject to the approval by the Adaptation Fund Board, <u>commit to implementing the project/programme in compliance with the Environmental and Social Policy of the Adaptation Fund</u> and on the understanding that the Implementing Entity will be fully (legally and financially) responsible for the implementation of this project/programme.</p>	
<p><i>Andrew Stanhope</i> <i>Representative & Country Director, WFP El Salvador</i> Implementing Entity Coordinator</p>	
Date: July 18, 2018	Tel. and email: +503 7856 4061/ andrew.stanhope@wfp.org
Project Contact Person: <i>Marco Selva, Deputy Country Director</i>	
Tel. And Email: +503 7919 1118/ marco.selva@wfp.org	
<p><i>Judith Thimke</i> <i>Representative & Country Director, WFP Honduras</i> Implementing Entity Coordinator</p>	
Date: July 18, 2018	Tel. and email: +504 2236 9002/ judith.thimke@wfp.org
Project Contact Person: <i>Francisco Salinas, Head of Policy and Programs</i>	
Tel. And Email: +504 3190 8533/ francisco.salinas@wfp.org	

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

A. Record of endorsement on behalf of the government

<i>Lina Dolores Pohl, Minister, Ministry of Environment and Natural Resources</i>	Date: <i>28/07/18</i> See attachment 1
<i>Jose Antonio Galdames, Secretary of State, Secretariat of National Resources and Environment</i>	Date: <i>28/07/18</i> See attachment 2

B. Implementing Entity certification

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 El Salvador and Honduras and subject to the approval by the Adaptation Fund Board, commit to implementing the project/programme 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.

Andrew Stanhope
Representative & Country Director, WFP El Salvador
Implementing Entity Coordinator

Date: July 18, 2018 Tel. and email: +503 7856 4061/ andrew.stanhope@wfp.org

Project Contact Person: *Marco Selva, Deputy Country Director*

Tel. And Email: +503 7919 1118/ marco.selva@wfp.org

Judith Thimke
Representative & Country Director, WFP Honduras
Implementing Entity Coordinator

Date: July 18, 2018 Tel. and email: +504 2236 9002/ judith.thimke@wfp.org

Project Contact Person: *Francisco Salinas, Head of Policy and Programs*

Tel. And Email: +504 3190 8533/ francisco.salinas@wfp.org



MINISTERIO DE MEDIO AMBIENTE Y RECURSOS NATURALES
UNÁMONOS PARA CRECER

MARN-GAT-02-003/2018

San Salvador, El Salvador, 18th July 2018

Subject: Endorsement for the project "Improve Livelihood Resilience Through Community-Based Climate Change Adaptation in the Transboundary Watershed of Goascorán in El Salvador and Honduras".

Adaptation Fund Board
c/o Adaptation Fund Board Secretariat
Email: secretariat@adaptation-fund.org
Fax: +202 522 3240/5

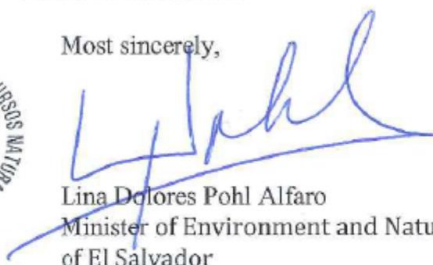
I am pleased to confirm the commitment of the Ministry of Environment and Natural Resources (MARN) of El Salvador, to participate actively in the process to finalize this proposal and to engage other national entities to accompany this process until its approval.

In my capacity as official Designated National Authority (NDA) and Focal Point for the Adaptation Fund, I would like to express our "non-objection to the pre-concept note" of this regional project between Honduras and El Salvador.

This project is a great opportunity for the communities bordering both countries within the Goascorán watershed, which historically has been shaped by environmental and socio-economic concerns with direct effects in their ecosystems and its water-supply management conditions, hampering into their food and nutrition security. Therefore, we endorse this regional pre-concept note to be submitted to the Adaptation Fund with the support of the United Nations World Food Programme (WFP). If this is approved, I also want to reaffirm our commitment to complete this process until its final approval as full proposal; thus, ensure a holistic and participatory approach with all project stakeholders, and to benefit by implementing and strengthening the adaptive and social scheme of the people – most in need – in this boarding area.

Most sincerely,




Lina Dolores Pohl Alfaro
Minister of Environment and Natural Resources
of El Salvador

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

Subject: Endorsement for the Project “Improve Livelihood Resilience through Community-Based Climate Change Adaptation in the Transboundary watershed of Goascoran in El Salvador and Honduras”

I am pleased to confirm the commitment of the Secretary of Natural Resources and Environment of Honduras, to participate actively in the process to finalize this proposal and to engage other national entities to accompany this process until its approval.

In my capacity as official Designated Authority and Focal Point for the Adaptation Fund, I would like to express our “non- objection to the project” and propose this regional project between Honduras and El Salvador.

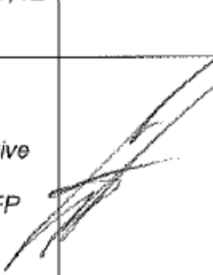
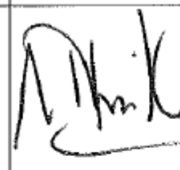
This project is a great opportunity for the communities bordering both countries within the River “Goascoran” watershed, which historically has been shaped by environmental and socio-economic concerns with direct effects in their ecosystem and its water-supply management conditions, hampering into their food and nutrition security in that bordering area. Therefore, we endorse this regional project proposal to be submitted to the Adaptation Fund with the support of the United Nations World Food Programme (WFP). If this Pre-Concept Note is approved, I also want to reaffirm our commitment as Secretary of Natural Resources and Environment of Honduras, as well as of other national entities, to do what is needed to complete this process until its approval; thus ensure a holistic and participatory approach with all project stakeholders, and to benefit by implementing and strengthening the adaptive and social scheme of the people –in most need– of this bordering area.

Sincerely yours


José Antonio Galdames
Secretary of the State
18/07/18


C. Implementing Entity

This request has been prepared in accordance with the Adaptation Fund Board's procedures and meets the Adaptation Fund's criteria for project identification and formulation

Implementing Entity Coordinator, IE Name	Signature	Date	Project Contact Person	Telephone	Email Address
Andrew Stanhope Representative & Country Director, WFP El Salvador		July 18 th 2018	Marco Selva, Deputy Country Director	+503 7919 1118	marco.selva@wfp.org
Judith Thimke, Representative & Country Director, WFP Honduras		July 18 th 2018	Francisco Salinas, Head of Policy and Programs	+504 3190 8533	francisco.salinas@wfp.org