



ADAPTATION FUND

AFB/PPRC.32/28
11 August 2023

Adaptation Fund Board
Project and Programme Review Committee
Thirty-second Meeting
Bonn, Germany, 10-11 October 2023

Agenda item 14 d)

REQUEST FOR EXTENSION OF PROJECT COMPLETION DATE: DEVELOPMENT BANK OF LATIN AMERICA (CHILE, ECUADOR)

Background

1. The Adaptation Fund Board (the Board) during the intersessional period between the thirty-first and the thirty-second meeting, approved a five-year project titled “Reducing climate vulnerability and flood risk in coastal urban and semi urban areas in cities in Latin America” in Chile and Ecuador, submitted by the Development Bank of Latin America (CAF), a regional implementing entity of the Adaptation Fund, for a requested amount of US\$ 13,910,400 (Decision B.31-32/17).
2. The overall objective of the project is to reduce vulnerability to climate-related floods, mud flows and landslides in three coastal cities by mainstreaming a risk-based approach to adaptation, building collaboration and networking, and developing a culture of adaptation. The project focus on the hydrometeorological hazards of mud flows in Antofagasta and Taltal, and flooding and landslides in Esmeraldas.
3. As mandated by the decision, an agreement was prepared and signed between the Board and CAF on 11th December 2018 and the project started implementation on 22nd January 2020.
4. To date, the project implementing entity submitted three project performance reports (PPRs). Two have been cleared by the secretariat and the 3rd PPR is currently under review. An amount of US\$ 12,364,523 including the project fees, has been disbursed by the trustee, which corresponds to 89% of the approved grant.
5. In July 2023, CAF submitted a first request for a regular twelve-months no-cost extension of the project completion date from 22nd January 2025 to 22nd January 2026 (see annex 1). The request was sent more than six months prior to the estimated project date, thus in alignment with the Policy for Project Delays. The reasons for this request, as outlined in the memo shared by CAF, are multi-faceted, including: i) Delays and challenges in the execution of some project activities due to COVID-19 related protocols during 2020, even though the executing entity put in place some mitigation measures; (ii) New authorities took office both at a national and local level, thus requiring additional time to socialize the project; (iii) Occurrence of an earthquake in one of the project's sites, Esmeraldas; and (iv) Establishment of the State of Emergency by the Government of Ecuador, due to rising violence and crime in 2021 and 2022. This affected two of the project's sites.

Secretariat's review of the request

6. Following a review of the request by the secretariat and considering the explanation provided by CAF, the secretariat is of the view that this twelve-months extension request is justified. As evidenced by the memo provided by CAF (Annex 1), it is noted that this request should provide sufficient time to execute the activities that have been impacted by the above-mentioned reasons.
7. Finally, the secretariat acknowledges that this no-cost project extension request has been agreed with the Executing Entity, and that the Designated Authorities were notified and are endorsing this extension (see Annex 2 and 3), in accordance with the Adaptation Fund Policy for Project/Programme Delays, as specified in Annex 1.

Recommendation

8. Following the recommendation of the secretariat after its review of the request for an extension of the project completion date submitted by the Development Bank of Latin America (CAF) for the project “Reducing climate vulnerability and flood risk in coastal urban and semi urban areas in cities in Latin America” in Chile and Ecuador, as described in document AFB/PPRC.32/28, the Board may consider and decide to approve the request for a twelve-months extension of the project completion date from 22nd January 2025 to 22nd January 2026, for the project “Reducing climate vulnerability and flood risk in coastal urban and semi urban areas in cities in Latin America”.

Annexes

- 1) Request for a no-cost extension of the project completion date from CAF for the project “Reducing climate vulnerability and flood risk in coastal urban and semi urban areas in cities in Latin America”.
- 2) Endorsement letter from the Designated Authority for Chile.
- 3) Endorsement letter from the Designated Authority for Ecuador.

Annex 1: Request for a no-cost extension of the project completion date from CAF for the project “Reducing climate vulnerability and flood risk in coastal urban and semi urban areas in cities in Latin America”

Implementing Entity Name:			
CAF, Corporación Andina de Fomento			
AF Project/programme ID:			
https://www.adaptation-fund.org/project/chile-ecuador-reducing-climate-vulnerability-flood-risk-coastal-urban-semi-urban-areas-cities-latin-america/			
Project/programme Title:			
The “Reducing climate vulnerability and flood risk in coastal urban and semi urban areas in cities in Latin America (Chile, Ecuador)”			
Country(ies): Chile / Ecuador			
Project/Programme Approval (date):		Approval: 16/07/2018 Agreement CAF - AF: 11/12/2018 Inception Workshop: 22/01/2020 Project start date)	
Expected Project/programme End (date):	22 January 2025	Proposed Revised Inception (date):	22 January 2026

1. Reasons/ justification for delay in the project’s/programme’s inception and the number of months of delay from the project approval date

The project encounters delay during these years of implementation. The first one was the **Covid-19 pandemic**. The strict restrictions and measures impose in Ecuador and Chile with three months of curfew in 2020 and then strict restrictions on the freedom of assembly and association hold many activities in both countries, especially the ones related with workshops, meetings, community socialization, courses, and events. Even though, UNDP establish some mitigation measures, such as virtual meetings or virtual courses, it was not enough to deliver as planned.

Then in 2020 and 2021, **multiple social protests** and institutional instability broke out in Ecuador and Chile, again a new period of implementation delays in the plan established.

On the other hand, **new national and local governments took office** in Chile local authorities took office in 28/06/21; the president and the cabinet in 11/03/2022 and the governors took office in 14/07/2021. In Ecuador national authorities (elected president and his cabinet) took office in 24/05/2021; local authorities took office in 14/05/2023. This changes demand additional time to socialize the project and the activities with the new Ministries, focal points and authority elected.

On 26 March of 2022, a 6.0-magnitude **earthquake occurred in Esmeraldas**, affecting 15.235 people, including 6.984 severely. By mid-April, nearly 17.000 people had been affected by the tremor. Over 8.000 homes were lightly, partially, or severely damaged, while 15 health centers, 16 schools and 12 public buildings were also impacted. Again, causing delays in the implementation of the project activities.

At the end of 2021 and all 2022, **rising violence, crime** also hinder Esmeraldas's project planning in Ecuador. Esmeraldas has seen a sharp rise in homicides last year, as the city become a major drug trafficking hotspot and the epicenter of an ongoing gang war. Over 416 people were murdered in Esmeraldas in 2022, most of the killings are linked to gangs fighting to control drug trafficking routes from Colombia that go through Esmeraldas. The government establish State of Emergency with strict curfew in the province of Esmeraldas as of November 1st, 2022, effective for 45 days, generating new delays in the implementation of the project. Some acts of violence occurred in areas where the project is working, such as Luis Vargas Torres Island and Cerro Gatazo.

Correspondingly, the project is developing with strict security measures and several project activities have had to be suspended or reprogramming in other places.

The activity with the longest delay in Esmeraldas corresponds to the landslide control infrastructure works in Cerro Gatazo. As this area is one of the sites of greatest conflict, it has been almost impossible to access the area and start with the studies to update the designs of the infrastructure works. To mitigate this risk, relationships are being established with other organizations that can in some way enter the conflict zones to work with the community. However, according to plan, it is estimated that there will be a delay of 12 months to complete this activity.

Regarding the alluvial control works in Quebrada Bonilla, there is also a delay, considering that the estimated time for the administrative steps prior to the bidding and the bidding process as such of the infrastructure work, it is expected to conclude with all the activities of the work in December 2025.

Based on all these considerations, the project appeals for an extension period without requesting additional funds until January 2026.

2. Implementing Entity certification

This notification for delay on project/programme preparing the PPR 2022 has been prepared in accordance with Adaptation Fund policies and procedures, and delay on project/programme start has been agreed by participating executing entities and has been notified to the designated authority(ies) (DA).



Carolina Cortés

Project/programme contact person

Date: (July, 11 2023)

Tel. and Email:

acortes@caf.com

Annex 2: Endorsement letter from the Designated Authority for Chile



Santiago de Chile, July 5th, 2023


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

Subject: Endorsement for Extension for the Implementation of the Regional Project "Reducing climate vulnerability and flood risk in coastal urban and semi urban areas in cities in Latin America", Ecuador y Chile.

In my capacity as the designated authority for the Adaptation Fund in Chile, I endorse the Extension for the Implementation made to the project document timeline, which are necessary for the fulfillment of the project objectives.

Details of the changes made to the document can be found in the attached document.

Sincerely,


Jenny Mager Santos
Head of the Climate Change Office
Ministry of Environment - Chile

PUM/mrs

C.C.

- Climate Change Division Archive

Annex 3: Endorsement letter from the Designated Authority for Ecuador

Quito, July 11, 2023

Letter of Endorsement by Government

Government of Ecuador Ministry of Environment, Water and Ecological Transition

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

Subject: Endorsement for Extension for the Implementation of the Regional Project "Reducing climate vulnerability and flood risk in coastal urban and semi urban areas in cines in Latin America", Ecuador y Chile.

In my capacity as the designated authority for the Adaptation Fund in Ecuador, I endorse the Extension for the Implementation made to the project document timeline, which are necessary for the fulfillment of the project objectives.

Details of the changes made to the document can be found in the attached document.



Firmado electrónicamente por:
KARINA MARIBEL
BARRERA MONCAYO

Sincerely,
Ms. Karina Barrera
Head of the Climate Change Office
Ministry of Environment, Water and Ecological Transition - Ecuador
PUM/mrs