



ADAPTATION FUND

AFB/PPRC.33/24
26 March 2024

Adaptation Fund Board
Project and Programme Review Committee
Thirty-third meeting
Bonn, Germany, 16-17 April 2024

Agenda Item 8 a)

PROPOSAL FOR ENHANCED DIRECT ACCESS GRANT FOR HONDURAS

Background

1. At its thirtieth meeting, having considered document AFB/B.30/5/Rev.1, the Adaptation Fund Board decided:

- (a) *To adopt the medium-term strategy as amended by the Board, as contained in the Annex 1 of the document AFB/B.30/5/Rev.1 (the MTS); and*
- (b) *To request the secretariat:*
 - (i) *To broadly disseminate the MTS and work with key stakeholders to build understanding and support;*
 - (ii) *To prepare, under the supervision of the MTS task force, a draft implementation plan for operationalizing the MTS, containing a draft budget and addressing key assumptions and risks, including but not limited to funding and political risks, for consideration by the Board at its thirty-first meeting; and*
 - (iii) *To draft, as part of the implementation plan, the updates/modifications to the operational policies and guidelines of the Adaptation Fund needed to facilitate implementation of the MTS, for consideration by the Board at its thirty-first meeting.*

(Decision B.30/42)

2. Pursuant to decision B.30/42, subparagraph b (ii), the secretariat prepared a draft implementation plan for the MTS, including an assessment of assumptions and risks. The secretariat shared a version of the draft with the MTS task force for comments.

3. The draft implementation plan also contains suggestions for specific funding windows that might be opened under the MTS in complement of the Fund's existing funding windows for single-country and regional adaptation projects and readiness support projects. Following the approval of the implementation plan, the secretariat would present specific proposed details for each new funding window at subsequent meetings of the Board for its consideration, in accordance with the timeline contained in the implementation plan.

4. At its thirty-first meeting, the Adaptation Fund Board discussed the draft implementation plan for the MTS, and members of the Board proposed amendments to the document. The secretariat then presented a revised draft, in document AFB/B.31/5/Rev.1. Having considered that document, the Board decided:

- (a) *To approve the implementation plan for the medium-term strategy for the Fund for 2018–2022 contained in the Annex I to document AFB/B.31/5/Rev.1 (the plan);*
- (b) *To request the secretariat:*

[...]

- (iii) *To prepare, for each proposed new type of grant and funding window, a specific document containing objectives, review criteria, expected grant sizes, implementation modalities, review process and other relevant features and submit it to the Board for its consideration in accordance with the tentative timeline contained in Annex I to document AFB/B.31/5/Rev.1, with input from the Board's committees;*
- (iv) *Following consideration of the new types of support mentioned in subparagraph (b)(iii), to propose, as necessary, amendments to the Fund's operational policies and guidelines Fund to better facilitate the implementation of such new types of support; and*

[...]

(Decision B.31/32)

5. Having recognized that there was a high level of interest among the Fund's stakeholders on Enhanced Direct Access (EDA), a specific funding window on EDA was included in the MTS implementation plan to complement the Fund's existing funding window for single-country projects.

6. At the second session of its thirty-fifth meeting the Board considered the document AFB/PPRC.26.b/18, Window for Enhanced Direct Access under the MTS and the Board decided:

- (a) *To approve the pilot for projects submitted through the window for enhanced direct access (EDA) to promote EDA and further promote locally led adaptation under the Fund;*
- (b) *That the pilot window to promote EDA projects/programmes shall be available to national implementing entities (NIEs) only, in the form of a grant up to a maximum of US\$5 million per country;*
- (c) *That the window for EDA will not count against what the country could access under the country cap established by the Board for regular concrete projects/programmes;*
- (d) *That the execution costs for proposals submitted under the EDA window should be up to a maximum of 12 per cent of the total project/programme budget requested before the implementing entity fees, and should not exceed 1.5 per cent in cases where the Implementing Entity has also taken on the role of Execution Entity for the proposed project/programme activities, and that the implementing entity fee should be up to a maximum of 10 per cent of the total project costs;*
- (e) *That NIEs submitting proposals through the EDA window should do so using the existing approved proposal template and guideline materials for regular concrete projects/programmes nonetheless taking note of the project fees in subparagraph (d) and that EDA proposals submitted through the two-step project approval process are eligible for the project formulation grant and project formulation assistance grant as per the approved criteria by the Board for those grants;*
- (f) *That the review cycle and approval of projects/programmes submitted through the EDA window shall follow the review and approval process as well as reporting*

requirements for regular projects/programmes under the Fund notwithstanding adherence to subparagraph where it concerns the review and approval of project fees; and

(g) To request the secretariat to present to the PPRC at its twenty-eighth meeting, an analysis of the project review cycle for EDA projects including an update on the implementation status of the EDA window.

(Decision B.35.b/10)

7. Having considered the recommendation of the Project and Programme Review Committee, the Board decided to include in its work programme for fiscal year 2022 a provision for an amount of US\$ 20.2 million, to be provisionally set aside as follows:

(h) Up to US\$ 20 million for the funding of Enhanced Direct Access projects;

(i) Up to US\$ 200,000 for the funding of project formulation and project formulation assistance grant requests for preparing Enhanced Direct Access fully-developed project documents.

(Decision B.36/2)

8. Subsequently the first call for project and programme proposals under the indicative set amount of US\$ 20 million was issued to eligible Parties to submit Enhanced Direct Access project and programme proposals to the Fund through accredited NIEs.

9. The following fully developed proposal document titled “Direct Access Program for financing climate change adaptation projects to increase the adaptive capacity and climate resilience of indigenous and Afro-descendant communities in the marine coastal region of the municipalities of Juan Francisco Bulnes and Brus Laguna in Honduras” was submitted for Honduras by the Comisión Acción Social Menonita of Honduras (CASM) , which is a National Implementing Entity of the Adaptation Fund.

10. This is the third submission of the fully-developed proposal using the one-step submission process.

11. The current submission was received by the secretariat in time to be considered in the forty second Board meeting. The secretariat carried out four technical reviews of the project proposal, with the Project ID number AF00000357.

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

13. 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 or with track changes.



ADAPTATION FUND

ADAPTATION FUND BOARD SECRETARIAT TECHNICAL REVIEW OF PROJECT/PROGRAMME PROPOSAL

PROJECT/PROGRAMME CATEGORY: EDA Fully-Developed Proposal

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| Country/Region: | Honduras |
| Project Title: | Direct Access Program for financing climate change adaptation projects to increase the adaptive capacity and climate resilience of indigenous and Afro-descendant communities in the marine coastal region of the municipalities of Juan Francisco Bulnes and Brus Laguna in Honduras |
| Thematic Focal Area: | Coastal Zone Management |
| Implementing Entity: | Comisión Acción Social Menonita (CASM) of Honduras (CASM) |
| Executing Entities: | Secretary of Natural Resources and Environment (SERNA) through the Project Coordination Office (PCO-SERNA). Asociacion de Organizaciones No Gubernamentales de Honduras (ASONOG). |
| AF Project ID: | AF00000357 |
| IE Project ID: | |
| Reviewer and contact person: | Alyssa Gomes |
| | Requested Financing from Adaptation Fund (US Dollars): 4,000,000 |
| | Co-reviewer(s): - |

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| Technical Summary | <p>The project "Direct Access Program for financing climate change adaptation projects to increase the adaptive capacity and climate resilience of Indigenous and Afro-descendant communities in the marine-coastal region of the municipalities of Juan Francisco Bulnes and Brus Laguna in Honduras" aims to contribute to increasing the adaptive capacity and climate resilience of the vulnerable Miskitu, Garífunas, Pech and Mestizo communities of the marine-coastal region of the municipalities of Juan Francisco Bulnes and Brus Laguna with emphasis on the protection of their livelihoods, assets, and ecosystem services. This will be done through the four components below:</p> <p><u>Component 1:</u> Development of institutional capacities of local entities for the design and execution of adaptation projects. (USD 77,000)</p> <p><u>Component 2:</u> Review and approval of adaptation project proposals. (USD 103,500)</p> <p><u>Component 3:</u> Management of EDA Program grants to finance the implementation of climate change adaptation measures in selected communities. (USD 3,022,500)</p> <p><u>Component 4:</u> Management and development of knowledge on climate change adaptation measures. (USD 79,000)</p> |
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| | <p><u>Requested financing overview:</u> Project/Programme Execution Cost: USD 350,400 Total Project/Programme Cost: USD 3,687,000 Implementing Fee: USD 313,000 Financing Requested: USD 4,000,000</p> <p>This is the fourth submission of the fully developed proposal under the rolling submission process.</p> <p>The first technical review raised issues regarding further clarifying the theory of change, sustainability, and compliance with the AF's ESP and GP discussed in the Clarification Requests (CRs) Corrective Action Requests (CARs) raised in the review.</p> <p>The second technical review raises a few pending issues related to ESP compliance, discrepancies in the budget tables and project results as discussed in the CRs and CARs raised in the review.</p> <p>The third technical review raised a few minor issues to be corrected in the budget tables.</p> <p>The fourth technical review finds the CRs and CARs to be sufficiently addressed.</p> |
| Date: | 22 January 2024 |

| Review Criteria | Questions | Comments 1 st Technical Review | Comments 2 nd Technical Review | Comments 3 rd Technical Review | Comments 4 th Technical Review |
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| Country Eligibility | 1. Is the country party to the Kyoto Protocol? | Yes | - | | |
| | 2. Is the country a developing country particularly vulnerable to the adverse effects of | Yes. Honduras is affected by climate events such as hurricanes, storm surges and coastal flooding that generates | - | | |

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| | climate change? | losses in the productive and social infrastructure, productive system, and human lives that impact the evolution of the country's human development. The target regions i.e., the coastal communities in the municipalities of Juan Francisco Bulnes and Brus Laguna are impacted by multiple tropical storms and hurricanes, which cause serious damage to ecosystems, infrastructure, communities, and the livelihoods of the people who live there. | | | |
| Project Eligibility | 1. Has the designated government authority for the Adaptation Fund endorsed the | Yes , as per the Letter of Endorsement dated 18 July 2023. | - | | |

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| | project/programme? | | | | |
| | 2. Does the length of the proposal amount to no more than 100 pages for the project/programme proposal and 100 pages for its annexes? | Yes. | - | | |
| | 3. Does the project / programme support concrete adaptation actions to assist the country in addressing adaptive capacity to the adverse effects of climate change and build in climate resilience? | <p>Not cleared</p> <p>The proposal provides a well-defined problem statement that hinges on the rationale that the geographical location of the coastal communities, compounded by their lack of preparedness for extreme weather events, lack of or limited quality of health services, infrastructure, education, deficient or non-existent drinking water and sanitation systems, food insecurity, limited economic opportunities to generate income, including economic and</p> | <p>CAR1: Cleared, as per the explanation on pages 20- 21.</p> <p>CR1: Not cleared. Relevant information is not included.</p> <p>CR2: Not cleared. An explanation is provided in the response sheet but is not included in the main text.</p> <p>CR3: Cleared, as per the information on page 21.</p> <p>CAR2: Cleared, as per the explanation for USPs on page 13.</p> | <p>CR1: Cleared, as per the information included on pages 21-22.</p> <p>CR2: Cleared as per the explanation now included on pages 23-24.</p> <p>The program will have a local office. Additionally, as much as possible, efforts will be made to hire staff from the region for the program, thereby reducing language barriers and ensuring an understanding of</p> | <p>CAR4: Cleared, as per the correction on page 23.</p> <p>CAR5: Cleared, as per the corrections on pages 98 and 99.</p> |

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| | | <p>social exclusion suffered by indigenous populations and specifically women, and the deficient institutional presence of the State of Honduras in the territory of the Mosquitia, has significantly increased the level of vulnerability of coastal communities, their inhabitants and ecosystems to extreme events of climate change.</p> <p>The EDA model thus proposes to provide financial and technical resources to national, subnational, and local institutions to design and implement adaptation measures that allow them to reduce their vulnerability and increase their resilience to climate change while reducing the levels of poverty of its population.</p> <p>The Program's theory of change is shown in Figure 9. However, the ToC diagram would</p> | <p>CAR3: Cleared, as per the flowcharts and explanation on pages 63-64, 69-71. Figure 14 describes the relationships between the different entities participating in the execution of the program, Figure 15 explains the governance structure for decision-making in the EDA program and Figure 16 presents an organogram on roles and responsibilities of entities involved in the EDA model.</p> <p>CAR4: Not cleared. Please revise as follows sum of components in line 5., execution cost in line 6, total project funds in line 7. (Total of components +EE fee), IE fee in line 8., and total funding requested in line 9.</p> <p>CR4: Not cleared. The clarification is addressed in the response sheet but not included in the proposal.</p> | <p>the local stakeholders and the region. The NIE has over 20 years of work experience and presence in the project's area of influence. Therefore, in addition to having strong recognition from local stakeholders, it has the logistics and knowledge necessary to support the executing entities to carry out the Program's activities. For example, the NIE has developed a transport network which allow it to access to a safe, efficient and a reasonable price.</p> <p>CAR4: Not cleared. Adjustments made on page 29 are not in compliance with the AF</p> | |
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| | | <p>benefit from an explanation. The diagram presents some basic assumptions. For example, the project assumed that local organizations would have capacities to develop high quality proposals, they implement and comply with AF standards and policies, projects will be sustainable and replicable etc. However, the ToC does not explain what the drivers of these assumptions are and what are the barriers/risks from those assumptions.</p> <p>CAR1: Please present a narrative to explain the logic of your initiative.</p> <p>CR1: Please explain the anticipated drivers and barriers of sustainability and identify which assets and capacities are expected to be functioning given changes in the</p> | <p>Please incorporate the explain in the proposal main text.</p> <p>CAR5: Not cleared. Please refer to CAR4 above.</p> | <p>terminology. Line 5. Should be titled "Project/programme activities cost (i.e. sum of components)".</p> <p>CR4: Cleared. The explanation is now included on pages 18-19.</p> <p>CAR5: Not cleared. Please see the explanation under CAR4 above and adjust accordingly in applicable tables.</p> | |
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| | | <p>intervening years and identified barriers and drivers.</p> <p>The proposal mentions that the target Indigenous communities are in locations with some access challenges.</p> <p>CR2: Please clarify how the project aims to overcome access challenges.</p> <p>CR3: Please clarify related to the assumptions made in the ToC, who is expected to sustain results, based on stakeholder and other mappings?</p> <p>The USP approach is acknowledged. However, as per page 13, “the project-specific interventions and their specific location have not yet been identified”. This statement is in contradiction to earlier references that have identified the target</p> | | | |
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| | | <p>communities/ environmental and social setting in which they will operate (Pgs. 11-12). While the USP approach is acceptable for EDA projects, as per the AF requirements concerning the use of USPs, USPs that are fully unidentified – for which both the nature of the activity and the environmental and social setting in which the activity will take place are unknown – are not acceptable.</p> <p>CAR2: Please revise the USP justification, ensuring consistency in the explanation for their relevance for this EDA project.</p> <p>CAR3: Please include an organogram that explains the roles and responsibilities of entities involved in the governance of the EDA model.</p> | | | |
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| | | <p>A list of eligible local entities is presented on page 22.</p> <p>CAR4: In the components and financing table, the titles for EE cost and Total Project Costs including their associated amounts are interchanged. Please include a budget line that includes the sum of project components, followed by the EE costs and the then project cost (sum of components + execution costs). Please make the required correction.</p> <p>CR4: Please explain the locally- led elements pertaining to the activity on restoration and/or construction of dikes and breakwater barriers and clarify how it would fit within the EDA approach.</p> <p>CAR5: In the Project Components and Finance Table (pg. 23)- Percentages of the IE</p> | | | |
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| | | Fees and EC stated does not correlate with the calculated figures. In Table 15 pg. 78 - No financial data in the disbursement schedule is provided. Please correct and revise across tables consistently. | | | |
| | 4. Does the project / programme provide economic, social and environmental benefits, particularly to vulnerable communities, including gender considerations, while avoiding or mitigating negative impacts, in compliance with the Environmental and Social Policy and Gender Policy of the Fund? | <p>Not cleared.</p> <p>During the formulation process of each project, the program will provide local entities with technical capacities to collect data on benefits across all three areas. Indicative indicators are also provided on page 42-43.</p> <p>CAR6: Please include a gender assessment and Gender Action Plan (GAP). This is a mandatory requirement at fully developed proposal stage.</p> <p>Environmental, Social and Economic benefits from the project are provided in detail in the proposal. An</p> | <p>CAR6: Cleared</p> <p>A Gender Assessment is included in Annex 5. The Gender Action Plan in Table 10 is well received.</p> | - | |

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| | | <p>approximate number of anticipated direct beneficiaries (disaggregated by gender) is also provided on page 81. On page 27 it is mentioned that Grant amount per project is between US\$40,000 and 120,000. At least 80% of the beneficiaries are women and 100% of the beneficiaries are indigenous and/or afro descendants.</p> | | | |
| | <p>5. Is the project / programme cost effective?</p> | <p>Cleared.</p> <p>The cost-effectiveness justification on pages 46 and 47 includes an analysis of efficiency related to the costs of implementing the program comparing the EDA approach and the "business-as-usual" project from an operating cost perspective and enhanced local capacity to ensure sustainability in the longer term.</p> | - | - | |

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| | 6. Is the project / programme consistent with national or sub-national sustainable development strategies, national or sub-national development plans, poverty reduction strategies, national communication s and adaptation programs of action and other relevant instruments? | <p>Cleared.</p> <p>The project is aligned with the National Climate Change Strategy, the National Adaptation Plan, the Document of National Determined Contribution, and the Government Plan for the Refoundation of the Homeland and Construction of the Socialist and Democratic State of President Xiomara Castro as described on pages 47-50.</p> | - | - | |
| | 7. Does the project / programme meet the relevant national technical standards, where applicable, in compliance with the Environmental and Social | <p>Not cleared.</p> <p>Table 4 identifies the several types of projects that may be financed under the EDA project for each sector.</p> <p>CAR7: Based on the broad categories of anticipated intervention described in project justification section in Table 4, please</p> | CAR7: Cleared, as per the information on pages 51-52. | - | |

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| | Policy of the Fund? | describe the process for compliance with technical standards during implementation, including relevant authorities that would be involved should also be explained. | | | |
| | 8. Is there duplication of project / programme with other funding sources? | <p>Not cleared.</p> <p>Exiting projects are listed. However non-duplication and synergies are not described in table 6.</p> <p>CAR8: Please explain non-duplication and synergies with the existing projects.</p> | CAR8: Cleared , as per the information pages 53-54. | - | |
| | 9. Does the project / programme have a learning and knowledge management component to capture and feedback lessons? | <p>Not cleared.</p> <p>A learning and knowledge management system is described on pages 52 and 53. However the proposal does not include clear learning and KM outputs that relate to the learning and knowledge system that is presented.</p> <p>CR5: Please provide the information</p> | <p>CR5: Not cleared.</p> <p>The KM and L activities on pages 55-56 are well received. However, please integrate knowledge outputs and targets in the Results Framework.</p> | <p>CR5: Cleared.</p> <p>Knowledge outputs and targets are integrated in the Results Framework on pages 90-92.</p> | |

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| | | requested above, including by ensuring that knowledge outputs are reflected in the results framework. | | | |
| | 10. Has a consultative process taken place, and has it involved all key stakeholders, and vulnerable groups, including gender considerations in compliance with the Environmental and Social Policy and Gender Policy of the Fund? | <p>Not cleared.</p> <p>A consultation process for the development of this program proposal was conducted from February 27 to March 3, 2023. The outcomes of the consultations are presented on page 54.</p> <p>However, considering the USP approach, the proposal has not clarified the process or plan for on-going consultation with the target communities during implementation.</p> <p>CR6: Please describe the process or plan for on-going consultation with the target communities during implementation. Please also describe the cultural and gender consideration for planned engagement with Indigenous groups</p> | <p>CR6: Not cleared.</p> <p>An explanation of the process is mentioned in the response sheet. Please incorporate the details in the proposal main text.</p> | <p>CR6: Cleared as per the explanation provided on page 60.</p> <p>In summary:</p> <ol style="list-style-type: none"> 1. Each USP will include consultations sessions at individual and community level. 2. The outcome of these sessions will be included in the monitoring and evaluation reports. 3. The project will carry out exchange events. | |

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| | | (the main target group of this project) and women, girls, and other vulnerable groups. | | 4. The project will systematize consultations through project monitoring and evaluation reports, exchange events reports, and case studies. | |
| | 11. Is the requested financing justified on the basis of full cost of adaptation reasoning? | Yes. | - | - | |
| | 12. Is the project / program aligned with AF's results framework? | Yes. Alignment with AF SRF outcomes 2,3, 4,5,6 and 8. | | - | |
| | 13. Has the sustainability of the project/programme outcomes been taken into | Not cleared. CR7: Please provide an explanation of how the project is expected to be sustainable from an | CR7: Cleared , as per the additional information on page 59. | - | |

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| | account when designing the project? | environmental, social, economic, financial, and institutional perspective. The financial sustainability include operation and maintenance cost of built infrastructure should be explained. | | | |
| | 14. Does the project / programme provide an overview of environmental and social impacts / risks identified, in compliance with the Environmental and Social Policy and Gender Policy of the Fund? | Cleared. Table 7 includes an assessment of the list of environmental and social principles. As per page 57, the program will approve project proposals categorized as category C (low risk) and some projects will be category B (moderate risk). In the case of category B projects, an Environmental Impact Study must be conducted. Based on a preliminary review of the Fund's environmental and social policy, it is concluded that this proposal can be determined as Category B. | - | - | |
| Resource Availability | 1. Is the requested project / programme funding within | Yes. The request financing of USD 4 million, falls within the cap of USD 5 million per country. | - | - | |

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| | the cap of the country? | | | | |
| | 2. Is the Implementing Entity Management Fee at or below 8.5 per cent of the total project/programme budget before the fee? | <p>Yes. IE fee is at 8.8% of the total project cost.</p> | <p>IE fee is at 8.8% of the total project cost.</p> <p>The IE fee is not in compliance with Decision B.41/20 that harmonized IE fees to a cap of 8.5% for all funding windows. https://www.adaptation-fund.org/document/proposed-adjustments-to-implementation-fees-and-execution-costs/ (Para 38. a))</p> <p>As per Decision B.41/20, please revise the IE fee down to 8.5% limit.</p> | <p>Cleared.</p> <p>Changes were made to comply with the AF's adjusted implementation and execution fee policy. Now the IE fee is cap at 8.5%. Additional changes are made in other relevant tables in order to ensure coherence.</p> | |
| | 3. Are the Project/Programme Execution Costs at or below 9.5 per cent of the total project/programme budget (including the fee)? | <p>Yes. EE costs are at 10.69% of the total project cost excluding the IE fee.</p> | <p>EE costs are at 10.69% of the total project cost excluding the IE fee.</p> <p>EE cost percentage is above the cap of 9.5% as per Decision B.41/20. In line with this decision, please either revise the EE cost or, if costs beyond the 9.5% cap are needed, please provide justifications as</p> | <p>Cleared.</p> <p>Changes were made to comply with the AF's adjusted implementation and execution fee policy. Now the IE fee is cap at 9.5%.</p> | |

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| | | | part of the proposal submission. | | |
| Eligibility of IE | 1. Is the project/programme submitted through an eligible Implementing Entity that has been accredited by the Board? | Yes. Comisión Acción Social Menonita (CASM) is an accredited NIE of the Fund. | - | - | |
| Implementation Arrangements | 1. Is there adequate arrangement for project / programme management, in compliance with the Gender Policy of the Fund? | <p>Not cleared.</p> <p>Well noted that the project will hire a Specialist in Environmental and Social Safeguards.</p> <p>Please see CAR 6 above.</p> <p>CAR9: Please ensure that GAP indicators are integrated in the project's results framework.</p> | CAR9: Not cleared. GAP indicators from table 10 are not integrated in table 11. | CAR9: Cleared GAP indicators from table 10 are included in table 11. | |
| | 2. Are there measures for financial and project/progra | <p>Not cleared.</p> <p>CAR10: Please ensure that the risk level is</p> | CAR10: Cleared, as per information on pages 75-76. | - | |

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| | mme risk management? | presented as Low, Medium or High. | | | |
| | 3. Are there measures in place for the management of for environmental and social risks, in line with the Environmental and Social Policy and Gender Policy of the Fund? | <p>Not cleared.</p> <p>CAR11: Please include an Environmental and Social Management Plan (ESMP) including a framework for how USPs will be monitored during implementation.</p> <p>Please note that the ESMP should include:</p> <ol style="list-style-type: none"> 1. Allocated roles and responsibilities for its implementation, including for consultation and adaptive management. 2. Capacity enhancement of grantees at local level to conduct risk screening, monitor and manage risks. 3. Credible budget provisions, as needed, for the implementation of the ESMP. | <p>CAR11: Not Cleared. The ESMP and Grievance mechanism is on pages 10-11 of Annex 6. The ESMP in Annex 6 is not adequately developed. The ESMP has not included arrangements for management and mitigation measures. Please revise the ESMP.</p> <p>CAR12: Not cleared. A GM is described on pages 73-74. However, the grievance mechanism in Annex 6 makes a reference to PACT's grievance mechanism, please clarify and revise.</p> | <p>CAR 11: Cleared The ESMP included in Annex 6 has been restructured and includes arrangements for management and mitigation measures.</p> <p>CAR12: Cleared The GM in Annex 6 has been replaced with the correct GM text which is also included within the text document on page 78.</p> | |

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| | | <p>4. Clear arrangements for the IE to supervise executing entities for implementation of ESMP.</p> <p>5. Clear monitoring and evaluation arrangements for ESP compliance</p> <p>CAR12: Please describe arrangement for an accessible and meaningful grievance mechanism, mentioning all parts of the grievance process, including where grievances can be addressed.</p> | | | |
| | 4. Is a budget on the Implementing Entity Management Fee use included? | <p>Yes.</p> <p>The proposal includes a breakdown of the IE management fee on page 85.</p> | - | - | |
| | 5. Is an explanation and a breakdown of | <p>Yes.</p> <p>The proposal includes the breakdown of the</p> | - | - | |

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| | the execution costs included? | execution costs on page 84. | | | |
| | 6. Is a detailed budget including budget notes included? | Cleared. A detailed budget is included per activity, including budget notes on pages 81-84. | The detailed budget has been revised in resubmitted proposal. Please include the IE fee in the detailed budget and ensure it is consistent across tables. Also ensure that: <ul style="list-style-type: none"> - budget notes indicating the break- down of costs at the activity level are included. - Figures add up – components table vs. budget vs. disbursement table | - | |
| | 7. Are arrangements for monitoring and evaluation clearly defined, including budgeted M&E plans and sex-disaggregated data, targets and indicators, in compliance | Not Cleared. Please refer to CAR 6 above. | - | | |

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| | with the Gender Policy of the Fund? | | | | |
| | 8. Does the M&E Framework include a break-down of how implementing entity IE fees will be utilized in the supervision of the M&E function? | <p>Not cleared.</p> <p>CAR13: Please include a budgeted M&E plan.</p> | <p>CAR13: Not cleared.</p> <p>An M&E budget and plan is included on page 77. Please include the total. Please clarify that USD 30,000 each is sufficient for the MTE and TE.</p> | <p>CAR13: Cleared</p> <p>The total is included in current page 81.</p> <p>The NIE has confirmed that the requested US \$30K for MTE and TE is sufficient.</p> | |
| | 9. Does the project/programme's results framework align with the AF's results framework? Does it include at least one core outcome indicator from the Fund's results framework? | <p>Not cleared.</p> <p>CAR14: Please ensure that project outputs and activities are consistently numbered.</p> <p>CAR15: Please ensure that the monitoring responsibility is mentioned.</p> <p>CAR16: Kindly insert targets in the Results Framework (Section III.E) where relevant, for ecosystem restoration efforts, development sector assets improved/restored/developed, livelihood</p> | <p>CAR14: Not cleared.</p> <p>Output indicators are not numbered consistently (see milestone 4 onwards) on pages 82-86.</p> <p>CAR15: Not cleared.</p> <p>Monitoring responsibility should be included in table 11. Please update Table 11.</p> <p>CAR16: Cleared, as per insertion on page 85 related to area (hectares) of conserved mangrove forest restored and reforested by the program</p> | <p>CAR14: Cleared</p> <p>Adjustments are made on pages 89-90.</p> <p>CAR15: Cleared</p> <p>Information included as an additional column in table 11 on pages 87-91.</p> | |

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| | | <p>and policy development etc, that are mentioned in the alignment table in Section III.F.</p> <p>Table 12. includes 1 Core Impact Indicator of the Fund.</p> | | | |
| | 10. Is a disbursement schedule with time-bound milestones included? | <p>Not cleared. The disbursement schedule is not presented in the required format.</p> <p>CAR17: Please revise the Disbursement Schedule using the AF template format. Disbursement Schedule Template (18 kB, XLS).</p> | CAR17: Cleared. Page 97. | - | |



ADAPTATION FUND

ADAPTATION FUND BOARD SECRETARIAT TECHNICAL REVIEW OF PROJECT/PROGRAMME PROPOSAL

PROJECT/PROGRAMME CATEGORY: EDA Fully-Developed Proposal

| | |
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| Country/Region: | Honduras |
| Project Title: | Direct Access Program for financing climate change adaptation projects to increase the adaptive capacity and climate resilience of indigenous and Afro-descendant communities in the marine coastal region of the municipalities of Juan Francisco Bulnes and Brus Laguna in Honduras |
| Thematic Focal Area: | Coastal Zone Management |
| Implementing Entity: | Comisión Acción Social Menonita (CASM) of Honduras (CASM) |
| Executing Entities: | Secretary of Natural Resources and Environment (SERNA) through the Project Coordination Office (PCO-SERNA). Asociacion de Organizaciones No Gubernamentales de Honduras (ASONOG). |
| AF Project ID: | AF00000357 |
| IE Project ID: | |
| Reviewer and contact person: | Alyssa Gomes |

Requested Financing from Adaptation Fund (US Dollars): 4,000,000
Co-reviewer(s): -

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| Technical Summary | <p>The project "Direct Access Program for financing climate change adaptation projects to increase the adaptive capacity and climate resilience of Indigenous and Afro-descendant communities in the marine-coastal region of the municipalities of Juan Francisco Bulnes and Brus Laguna in Honduras" aims to contribute to increasing the adaptive capacity and climate resilience of the vulnerable Miskitu, Garífunas, Pech and Mestizo communities of the marine-coastal region of the municipalities of Juan Francisco Bulnes and Brus Laguna with emphasis on the protection of their livelihoods, assets, and ecosystem services. This will be done through the four components below:</p> <p><u>Component 1:</u> Development of institutional capacities of local entities for the design and execution of adaptation projects. (USD 77,000)</p> <p><u>Component 2:</u> Review and approval of adaptation project proposals. (USD 103,500)</p> <p><u>Component 3:</u> Management of EDA Program grants to finance the implementation of climate change adaptation measures in selected communities. (USD 3,022,500)</p> <p><u>Component 4:</u> Management and development of knowledge on climate change adaptation measures. (USD 79,000)</p> |
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| | <p><u>Requested financing overview:</u> Project/Programme Execution Cost: USD 393,000 Total Project/Programme Cost: USD 3,675,000 Implementing Fee: USD 325,000 Financing Requested: USD 4,000,000</p> <p>This is the second submission of the fully developed proposal under the rolling submission process.</p> <p>The first technical review raised issues regarding further clarifying the theory of change, sustainability, and compliance with the AF's ESP and GP discussed in the Clarification Requests (CRs) Corrective Action Requests (CARs) raised in the review.</p> <p>The second technical review raises a few pending issues related to ESP compliance, discrepancies in the budget tables and project results as discussed in the CRs and CARs raised in the review.</p> <p>The third technical review raises a few minor issues to be corrected in the budget tables.</p> |
| Date: | 9 January 2024 |

| Review Criteria | Questions | Comments 1 st Technical Review | Comments 2 nd Technical Review | Comments 3 rd Technical Review | Response to Comments 3 rd Technical Review |
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| Country Eligibility | 1. Is the country party to the Kyoto Protocol? | Yes | - | | |
| | 2. Is the country a developing country particularly vulnerable to the adverse effects of climate change? | Yes. Honduras is affected by climate events such as hurricanes, storm surges and coastal flooding that generates losses in the productive and social | - | | |

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| | | infrastructure, productive system, and human lives that impact the evolution of the country's human development. The target regions i.e., the coastal communities in the municipalities of Juan Francisco Bulnes and Brus Laguna are impacted by multiple tropical storms and hurricanes, which cause serious damage to ecosystems, infrastructure, communities, and the livelihoods of the people who live there. | | | |
| Project Eligibility | 1. Has the designated government authority for the Adaptation Fund endorsed the project/programme ? | Yes , as per the Letter of Endorsement dated 18 July 2023. | - | | |
| | 2. Does the length of the proposal amount to no more than 100 pages for the project/programme proposal and 100 pages for its annexes? | Yes. | - | | |

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| | <p>3. Does the project / programme support concrete adaptation actions to assist the country in addressing adaptive capacity to the adverse effects of climate change and build in climate resilience?</p> | <p>Not cleared</p> <p>The proposal provides a well-defined problem statement that hinges on the rationale that the geographical location of the coastal communities, compounded by their lack of preparedness for extreme weather events, lack of or limited quality of health services, infrastructure, education, deficient or non-existent drinking water and sanitation systems, food insecurity, limited economic opportunities to generate income, including economic and social exclusion suffered by indigenous populations and specifically women, and the deficient institutional presence of the State of Honduras in the territory of the Mosquitia, has significantly increased the level of vulnerability of coastal communities, their inhabitants and ecosystems to extreme events of climate change.</p> <p>The EDA model thus proposes to provide financial and technical resources to national, subnational, and local institutions to design and implement adaptation</p> | <p>CAR1: Cleared, as per the explanation on pages 20- 21.</p> <p>CR1: Not cleared. Relevant information is not included.</p> <p>CR2: Not cleared. An explanation is provided in the response sheet but is not included in the main text.</p> <p>CR3: Cleared, as per the information on page 21.</p> <p>CAR2: Cleared, as per the explanation for USPs on page 13.</p> <p>CAR3: Cleared, as per the flowcharts and explanation on pages 63-64, 69-71. Figure 14 describes the relationships between the different entities participating in the execution of the</p> | <p>CR1: Cleared, as per the information included on pages 21-22.</p> <p>CR2: Cleared as per the explanation now included on pages 23-24.</p> <p>The program will have a local office. Additionally, as much as possible, efforts will be made to hire staff from the region for the program, thereby reducing language barriers and ensuring an understanding of the local stakeholders and the region. The NIE has over 20 years of work experience and presence in the project's area of influence. Therefore, in addition to having strong recognition from local stakeholders, it has the logistics and</p> | |
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| | | <p>measures that allow them to reduce their vulnerability and increase their resilience to climate change while reducing the levels of poverty of its population.</p> <p>The Program's theory of change is shown in Figure 9. However, the ToC diagram would benefit from an explanation. The diagram presents some basic assumptions. For example, the project assumed that local organizations would have capacities to develop high quality proposals, they implement and comply with AF standards and policies, projects will be sustainable and replicable etc. However, the ToC does not explain what the drivers of these assumptions are and what are the barriers/ risks from those assumptions.</p> <p>CAR1: Please present a narrative to explain the logic of your initiative.</p> <p>CR1: Please explain the anticipated drivers and barriers</p> | <p>program, Figure 15 explains the governance structure for decision-making in the EDA program and Figure 16 presents an organogram on roles and responsibilities of entities involved in the EDA model.</p> <p>CAR4: Not cleared. Please revise as follows sum of components in line 5., execution cost in line 6, total project funds in line 7. (Total of components +EE fee), IE fee in line 8., and total funding requested in line 9.</p> <p>CR4: Not cleared. The clarification is addressed in the response sheet but not included in the proposal. Please incorporate the</p> | <p>knowledge necessary to support the executing entities to carry out the Program's activities. For example, the NIIE has developed a transport network which allow it to access to a safe, efficient and a reasonable price.</p> <p>CAR4: Not cleared. Adjustments made on page 29 are not in compliance with the AF terminology. Line 5. Should be titled "Project/programm e activities cost (i.e. sum of components)".</p> <p>CR4: Cleared. The explanation is now included on pages 18-19.</p> <p>CAR5: Not cleared. Please see the explanation</p> | <p>CAR4: Adjustments made in compliance with AF terminology in page 29.</p> <p>CAR5: Adjustments made in applicable tables</p> |
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| | | <p>of sustainability and identify which assets and capacities are expected to be functioning given changes in the intervening years and identified barriers and drivers.</p> <p>The proposal mentions that the target Indigenous communities are in locations with some access challenges.</p> <p>CR2: Please clarify how the project aims to overcome access challenges.</p> <p>CR3: Please clarify related to the assumptions made in the ToC, who is expected to sustain results, based on stakeholder and other mappings?</p> <p>The USP approach is acknowledged. However, as per page 13, “the project-specific interventions and their specific location have not yet been identified”. This statement is in contradiction to earlier references that have identified the target communities/ environmental and social setting in which they will operate (Pgs. 11-12). While the USP approach is</p> | <p>explain in the proposal main text.</p> <p>CAR5: Not cleared. Please refer to CAR4 above.</p> | <p>under CAR4 above and adjust accordingly in applicable tables.</p> | <p>and text to ensure compliance with AF terminology as requested in CAR4.</p> |
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| | | <p>acceptable for EDA projects, as per the AF requirements concerning the use of USPs, USPs that are fully unidentified – for which both the nature of the activity and the environmental and social setting in which the activity will take place are unknown – are not acceptable.</p> <p>CAR2: Please revise the USP justification, ensuring consistency in the explanation for their relevance for this EDA project.</p> <p>CAR3: Please include an organogram that explains the roles and responsibilities of entities involved in the governance of the EDA model.</p> <p>A list of eligible local entities is presented on page 22.</p> <p>CAR4: In the components and financing table, the titles for EE cost and Total Project Costs including their associated amounts are interchanged. Please include a budget line that includes the sum of project components, followed by the EE costs and the then project cost (sum of</p> | | | |
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| | | <p>components + execution costs). Please make the required correction.</p> <p>CR4: Please explain the locally- led elements pertaining to the activity on restoration and/or construction of dikes and breakwater barriers and clarify how it would fit within the EDA approach.</p> <p>CAR5: In the Project Components and Finance Table (pg. 23)- Percentages of the IE Fees and EC stated does not correlate with the calculated figures. In Table 15 pg. 78 - No financial data in the disbursement schedule is provided. Please correct and revise across tables consistently.</p> | | | |
| | <p>4. Does the project / programme provide economic, social and environmental benefits, particularly to vulnerable communities, including gender considerations, while avoiding or mitigating negative</p> | <p>Not cleared.</p> <p>During the formulation process of each project, the program will provide local entities with technical capacities to collect data on benefits across all three areas. Indicative indicators are also provided on page 42-43.</p> <p>CAR6: Please include a gender assessment and</p> | <p>CAR6: Cleared</p> <p>A Gender Assessment is included in Annex 5. The Gender Action Plan in Table 10 is well received.</p> | - | |

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| | impacts, in compliance with the Environmental and Social Policy and Gender Policy of the Fund? | <p>Gender Action Plan (GAP). This is a mandatory requirement at fully developed proposal stage.</p> <p>Environmental, Social and Economic benefits from the project are provided in detail in the proposal. An approximate number of anticipated direct beneficiaries (disaggregated by gender) is also provided on page 81. On page 27 it is mentioned that Grant amount per project is between US\$40,000 and 120,000. At least 80% of the beneficiaries are women and 100% of the beneficiaries are indigenous and/or afro descendants.</p> | | | |
| | 5. Is the project / programme cost effective? | <p>Cleared.</p> <p>The cost-effectiveness justification on pages 46 and 47 includes an analysis of efficiency related to the costs of implementing the program comparing the EDA approach and the "business-as-usual" project from an operating cost perspective and enhanced local capacity to ensure sustainability in the longer term.</p> | - | - | |

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| | 6. Is the project / programme consistent with national or sub-national sustainable development strategies, national or sub-national development plans, poverty reduction strategies, national communications and adaptation programs of action and other relevant instruments? | <p>Cleared.</p> <p>The project is aligned with the National Climate Change Strategy, the National Adaptation Plan, the Document of National Determined Contribution, and the Government Plan for the Refoundation of the Homeland and Construction of the Socialist and Democratic State of President Xiomara Castro as described on pages 47-50.</p> | - | - | |
| | 7. Does the project / programme meet the relevant national technical standards, where applicable, in compliance with the Environmental and Social Policy of the Fund? | <p>Not cleared.</p> <p>Table 4 identifies the several types of projects that may be financed under the EDA project for each sector.</p> <p>CAR7: Based on the broad categories of anticipated intervention described in project justification section in Table 4, please describe the process for compliance with technical standards during implementation, including relevant authorities that would be involved should also be explained.</p> | CAR7: Cleared, as per the information on pages 51-52. | - | |

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| | 8. Is there duplication of project / programme with other funding sources? | <p>Not cleared.</p> <p>Exiting projects are listed. However non-duplication and synergies are not described in table 6.</p> <p>CAR8: Please explain non-duplication and synergies with the existing projects.</p> | CAR8: Cleared , as per the information pages 53-54. | - | |
| | 9. Does the project / programme have a learning and knowledge management component to capture and feedback lessons? | <p>Not cleared.</p> <p>A learning and knowledge management system is described on pages 52 and 53. However the proposal does not include clear learning and KM outputs that relate to the learning and knowledge system that is presented.</p> <p>CR5: Please provide the information requested above, including by ensuring that knowledge outputs are reflected in the results framework.</p> | CR5: Not cleared. The KM and L activities on pages 55-56 are well received. However, please integrate knowledge outputs and targets in the Results Framework. | CR5: Cleared. Knowledge outputs and targets are integrated in the Results Framework on pages 90-92. | |
| | 10. Has a consultative process taken place, and has it involved all key stakeholders, and vulnerable groups, including gender considerations in compliance with | <p>Not cleared.</p> <p>A consultation process for the development of this program proposal was conducted from February 27 to March 3, 2023. The outcomes of the consultations are presented on page 54.</p> | CR6: Not cleared. An explanation of the process is mentioned in the response sheet. Please incorporate the details in the proposal main text. | <p>CR6: Cleared as per the explanation provided on page 60.</p> <p>In summary:</p> <p>1. Each USP will include</p> | |

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| | <p>the Environmental and Social Policy and Gender Policy of the Fund?</p> | <p>However, considering the USP approach, the proposal has not clarified the process or plan for on-going consultation with the target communities during implementation.</p> <p>CR6: Please describe the process or plan for on-going consultation with the target communities during implementation. Please also describe the cultural and gender consideration for planned engagement with Indigenous groups (the main target group of this project) and women, girls, and other vulnerable groups.</p> | | <p>consultations sessions at individual and community level.</p> <ol style="list-style-type: none"> 2. The outcome of these sessions will be included in the monitoring and evaluation reports. 3. The project will carry out exchange events. 4. The project will systematize consultations through project monitoring and evaluation reports, exchange events reports, and case studies. | |
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| | 11. Is the requested financing justified on the basis of full cost of adaptation reasoning? | Yes. | - | - | |
| | 12. Is the project / program aligned with AF's results framework? | Yes. Alignment with AF SRF outcomes 2,3, 4,5,6 and 8. | | - | |
| | 13. Has the sustainability of the project/programme outcomes been taken into account when designing the project? | Not cleared. CR7: Please provide an explanation of how the project is expected to be sustainable from an environmental, social, economic, financial, and institutional perspective. The financial sustainability include operation and maintenance cost of built infrastructure should be explained. | CR7: Cleared, as per the additional information on page 59. | - | |
| | 14. Does the project / programme provide an overview of environmental and social impacts / risks identified, in compliance with the Environmental and Social Policy and Gender Policy of the Fund? | Cleared. Table 7 includes an assessment of the list of environmental and social principles. As per page 57, the program will approve project proposals categorized as category C (low risk) and some projects will be category B (moderate risk). In the case of category B projects, an Environmental Impact Study must be conducted. Based on a preliminary review of the Fund's environmental and social policy, it | - | - | |

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| | | is concluded that this proposal can be determined as Category B. | | | |
| Resource Availability | 1. Is the requested project / programme funding within the cap of the country? | Yes. The request financing of USD 4 million, falls within the cap of USD 5 million per country. | - | - | |
| | 2. Is the Implementing Entity Management Fee at or below 8.5 per cent of the total project/programme budget before the fee? | Yes. IE fee is at 8.8% of the total project cost. | IE fee is at 8.8% of the total project cost. The IE fee is not in compliance with Decision B.41/20 that harmonized IE fees to a cap of 8.5% for all funding windows. https://www.adaptation-fund.org/document/proposed-adjustments-to-implementation-fees-and-execution-costs/ (Para 38. a)) As per Decision B.41/20, please revise the IE fee down to 8.5% limit. | Cleared. Changes were made to comply with the AF's adjusted implementation and execution fee policy. Now the IE fee is cap at 8.5%. Additional changes are made in other relevant tables in order to ensure coherence. | |
| | 3. Are the Project/Programme | Yes. | EE costs are at 10.69% of the total | Cleared. | |

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| | <p>e Execution Costs at or below 9.5 per cent of the total project/programme budget (including the fee)?</p> | <p>EE costs are at 10.69% of the total project cost excluding the IE fee.</p> | <p>project cost excluding the IE fee.</p> <p>EE cost percentage is above the cap of 9.5% as per Decision B.41/20. In line with this decision, please either revise the EE cost or, if costs beyond the 9.5% cap are needed, please provide justifications as part of the proposal submission.</p> | <p>Changes were made to comply with the AF's adjusted implementation and execution fee policy. Now the IE fee is cap at 9.5%.</p> | |
| Eligibility of IE | <p>1. Is the project/programme submitted through an eligible Implementing Entity that has been accredited by the Board?</p> | <p>Yes. Comisión Acción Social Menonita (CASM) is an accredited NIE of the Fund.</p> | - | - | |
| Implementation Arrangements | <p>1. Is there adequate arrangement for project / programme management, in compliance with the Gender Policy of the Fund?</p> | <p>Not cleared.</p> <p>Well noted that the project will hire a Specialist in Environmental and Social Safeguards.</p> <p>Please see CAR 6 above.</p> | <p>CAR9: Not cleared.</p> <p>GAP indicators from table 10 are not integrated in table 11.</p> | <p>CAR9: Cleared</p> <p>GAP indicators from table 10 are included in table 11.</p> | |

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| | | CAR9: Please ensure that GAP indicators are integrated in the project's results framework. | | | |
| | 2. Are there measures for financial and project/programme risk management? | Not cleared. CAR10: Please ensure that the risk level is presented as Low, Medium or High. | CAR10: Cleared, as per information on pages 75-76. | - | |
| | 3. Are there measures in place for the management of environmental and social risks, in line with the Environmental and Social Policy and Gender Policy of the Fund? | Not cleared. CAR11: Please include an Environmental and Social Management Plan (ESMP) including a framework for how USPs will be monitored during implementation. Please note that the ESMP should include: <ol style="list-style-type: none"> 1. Allocated roles and responsibilities for its implementation, including for consultation and adaptive management. 2. Capacity enhancement of grantees at local level to conduct risk screening, monitor and manage risks. | CAR11: Not Cleared. The ESMP and Grievance mechanism is on pages 10-11 of Annex 6. The ESMP in Annex 6 is not adequately developed. The ESMP has not included arrangements for management and mitigation measures. Please revise the ESMP. CAR12: Not cleared. A GM is described on pages 73-74. | CAR 11: Cleared The ESMP included in Annex 6 has been restructured and includes arrangements for management and mitigation measures. CAR12: Cleared The GM in Annex 6 has been replaced with the correct GM text which is also included within the text document on page 78. | |

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| | | <p>3. Credible budget provisions, as needed, for the implementation of the ESMP.</p> <p>4. Clear arrangements for the IE to supervise executing entities for implementation of ESMP.</p> <p>5. Clear monitoring and evaluation arrangements for ESP compliance</p> <p>CAR12: Please describe arrangement for an accessible and meaningful grievance mechanism, mentioning all parts of the grievance process, including where grievances can be addressed.</p> | However, the grievance mechanism in Annex 6 makes a reference to PACT's grievance mechanism, please clarify and revise. | | |
| | 4. Is a budget on the Implementing Entity Management Fee use included? | <p>Yes.</p> <p>The proposal includes a breakdown of the IE management fee on page 85.</p> | - | - | |
| | 5. Is an explanation and a breakdown of the execution costs included? | <p>Yes.</p> <p>The proposal includes the breakdown of the execution costs on page 84.</p> | - | - | |
| | 6. Is a detailed budget including | <p>Cleared. A detailed budget is included per activity, including budget notes on pages 81-84.</p> | The detailed budget has been revised in | - | |

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| | budget notes included? | | <p>resubmitted proposal. Please include the IE fee in the detailed budget and ensure it is consistent across tables.</p> <p>Also ensure that:</p> <ul style="list-style-type: none"> - budget notes indicating the break-down of costs at the activity level are included. - Figures add up – component s table vs. budget vs. disburseme nt table | | |
| | 7. Are arrangements for monitoring and evaluation clearly defined, including budgeted M&E plans and sex-disaggregated data, targets and indicators, in compliance with | <p>Not Cleared.</p> <p>Please refer to CAR 6 above.</p> | - | | |

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| | the Gender Policy of the Fund? | | | | |
| | 8. Does the M&E Framework include a break-down of how implementing entity IE fees will be utilized in the supervision of the M&E function? | <p>Not cleared.</p> <p>CAR13: Please include a budgeted M&E plan.</p> | <p>CAR13: Not cleared.</p> <p>An M&E budget and plan is included on page 77. Please include the total. Please clarify that USD 30,000 each is sufficient for the MTE and TE.</p> | <p>CAR13: Cleared</p> <p>The total is included in current page 81.</p> <p>The NIE has confirmed that the requested US \$30K for MTE and TE is sufficient.</p> | |
| | 9. Does the project/programme's results framework align with the AF's results framework? Does it include at least one core outcome indicator from the Fund's results framework? | <p>Not cleared.</p> <p>CAR14: Please ensure that project outputs and activities are consistently numbered.</p> <p>CAR15: Please ensure that the monitoring responsibility is mentioned.</p> <p>CAR16: Kindly insert targets in the Results Framework (Section III.E) where relevant, for ecosystem restoration efforts, development sector assets improved/restored/developed, livelihood and policy development etc, that are mentioned in the alignment table in Section III.F.</p> <p>Table 12. includes 1 Core Impact Indicator of the Fund.</p> | <p>CAR14: Not cleared.</p> <p>Output indicators are not numbered consistently (see milestone 4 onwards) on pages 82-86.</p> <p>CAR15: Not cleared.</p> <p>Monitoring responsibility should be included in table 11. Please update Table 11.</p> <p>CAR16: Cleared, as per insertion on page 85 related to area (hectares) of conserved mangrove forest</p> | <p>CAR14: Cleared</p> <p>Adjustments are made on pages 89-90.</p> <p>CAR15: Cleared</p> <p>Information included as an additional column in table 11 on pages 87-91.</p> | |

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| | | | restored and reforested by the program | | |
| | 10. Is a disbursement schedule with time-bound milestones included? | <p>Not cleared. The disbursement schedule is not presented in the required format.</p> <p>CAR17: Please revise the Disbursement Schedule using the AF template format. Disbursement Schedule Template (18 kB, XLS).</p> | CAR17: Cleared. Page 97. | - | |



REQUEST FROM HONDURAS FOR ENHANCED DIRECT ACCESS (EDA)
PROGRAM FUNDING FROM THE ADAPTATION FUND

The annexed form should be completed and transmitted to the Adaptation Fund Board Secretariat by email or fax.

Please type in the responses using the template provided. The instructions attached to the form provide guidance to fill out the template.

Please note that a project/program must be fully prepared (i.e., fully approved for feasibility) when the request is submitted. The final project/program document resulting from the appraisal process should be attached to this request for funding.

Complete documentation should be sent to:

The Adaptation Fund Board Secretariat 1818 H Street NW
MSN N7-700
Washington, DC, 20433 USA
Fax: +1 (202) 522-3240/5
E-mail: afbsec@adaptation-fund.org

PROJECT/PROGRAM PROPOSAL TO THE ADAPTATION FUND

PART I: PROJECT/PROGRAM INFORMATION

Project/Program Category: ENHANCED DIRECT ACCESS (EDA)

Country/ies: Honduras

Title of Project/Program: Direct Access Program for financing climate change adaptation projects to increase the adaptive capacity and climate resilience of indigenous and Afro-descendant communities in the marine-coastal region of the municipalities of Juan Francisco Bulnes and Brus Laguna in Honduras.

Type of Implementing Entity: NATIONAL IMPLEMENTING ENTITY

Implementing Entity: COMISION DE ACCION SOCIAL MENONITA (CASM)

Executing Entity/ies: Secretary of Natural Resources and Environment (SERNA) through the Project Coordination Office (PCO-SERNA).
Asociacion de Organizaciones No Gubernamentales de Honduras (ASONOG).

Amount of Financing Requested: 4,000,000.00 (in US Dollars Equivalent)

Project / Program Background and Context:

Provide brief information on the problem the proposed project/program aims to solve. Outline the economic, social, development and environmental context in which the project would operate.

Economic, social, development and environment context

Honduras is the second largest country in Central America. It has a territorial extension of 112,492 km² and a population of 9.2 million inhabitants, of which 12% are indigenous or afro-descendant and where almost half of the population (44%) live in rural areas (INE, 2019).

The COVID-19 Pandemic and Hurricanes ETA and IOTA intensified the existing economic and social challenges in Honduras, causing an 8.96% fall in the Gross Domestic Product (GDP) and a 9% increase in the public debt with respect to GDP during the year 2022 (SEFIN, 2022).

During 2021, the economic activity recovered with a growth of 12.5% driven by the flow of remittances that supported private consumption, and by the favorable performance of its main trading partners. However, the slowdown of the world economy, as well as the war in Ukraine, and the cooling of relations between the great global powers has generated high risks for the country that affect national contexts characterized by high levels of poverty, political conflict and social, vulnerability to climate change, and the fragility of agri-food and energy supply systems. For 2023, a growth of 3.5% in the GDP is expected, in line with the 3.6% forecast for Central America (Fondo Monetario Internacional, 2022).

The program will be implemented in the municipalities of Juan Francisco Bulnes and Brus Laguna located in the department of Gracias a Dios in the Republic of Honduras. Honduras in general and the specific region of the project have a geographical location that makes them highly vulnerable to climate change since it is located in the Central American hurricane corridor. Therefore, each year the region suffers from multiple tropical storms and hurricanes, which cause serious damage to ecosystems, infrastructure, communities, and the livelihoods of the people who live there. Unfortunately, and according to the IPCC data in its sixth report, the increase in average temperatures will continue to increase the frequency and destructive capacity of hurricanes in the future and this region will mainly continue to suffer the disasters caused by such climatic events (IPCC-AR6, 2023).

The area of influence of the program includes the coastal communities of the municipalities of Juan Francisco Bulnes and Brus Laguna. Both municipalities are located in the territory of the Honduran Mosquitia, which includes the entire Department of Gracias a Dios. (Figure 1).



Figure 1. Area of influence of the Enhanced Direct Access (EDA) program.

The area of influence of the program includes a total population of 20,998 inhabitants, of which 50.55% are women, belonging mainly to the Garífuna and Miskitu ethnic groups (INE, 2019), as observed in Table 1 below.

The Honduran Muskitia is part of the great Muskitia ecosystem, considered one of the most important and biologically richest areas on the planet since it houses more than forty small ecosystems: including jungles, pine savannahs, marine-coastal ecosystems, wetlands, lagoons, mangroves and the second largest coral reef in the world. It is also home to the Río Plátano Biosphere Reserve, which contains the largest intact tropical forest north of the Amazon and was declared a World Heritage Site by UNESCO in 1982, due to its natural and cultural diversity.

Table 1. Distribution of the population in the area of influence of the program.

| Municipality | Community | Population | Women | Men | Indigenous people |
|-----------------------|------------------|-------------------|---------------|--------------|----------------------------|
| Juan Francisco Bulnes | Tocamacho | 2155 | 1134 | 1021 | Garifuna |
| | Batalla | 1096 | 546 | 550 | Miskitu, Garifuna, Mestizo |
| | Plaplaya | 1352 | 683 | 669 | Miskitu, Garifuna, Mestizo |
| | Ibans | 2168 | 1104 | 1064 | Miskitu, Garifuna, Mestizo |
| Brus Laguna | Cocobila | 848 | 409 | 439 | Miskitu |
| | Belen | 1204 | 607 | 597 | Miskitu |
| | Nueva Jerusalen | 1606 | 794 | 812 | Miskitu |
| | Rio Platano | 1724 | 889 | 835 | Miskitu, Pech |
| | Brus Laguna | 5306 | 2654 | 2652 | Miskitu |
| | Barra Patuca | 3505 | 1778 | 1727 | Miskitu |
| Total | | 20,964 | 10,598 | 10366 | |

From 2001 to 2021, the Tawahka Asgni Reserve lost 33% of its tree cover; the Río Plátano Biosphere Reserve 18% and the Patuca National Park 34% (Global Forest Watch, 2023). In addition, the National Program for the Conservation of Terrestrial Ecosystems 2021-2030 of the Honduran Ministry of Natural Resources, and the Environment states that deforestation of the humid tropical forest in Honduras is concentrated in the Muskitia. In the midst of this process which has expanded in recent years, the indigenous and mestizo communities that denounce the invasions and illegal activities and that demand state action to protect their territory, ended up becoming targets of criminals. Threats and harassment have forced many leaders to leave the territory, even outside the country.

Socioeconomic Context

In the last Human Development Report for Honduras published in 2022, the country obtained an HDI of 0.634, which places it in position 132 out of 189 low-middle income nations, 20% below the average for Latin America and the Caribbean (LAC) and with the lowest HDI in the Central American region (PNUD, 2022).

Honduras is one of the poorest and most unequal countries in Latin America and the Caribbean. Approximately half of the Honduran population lives on less than \$5 a day (PPP, Parity of

Purchasing Power) compared to 22% in LAC and 30% in Central America. Official figures indicate that between 2014 and 2019 poverty levels fell slightly from 49.7% to 48% (INE, 2014-2021). However, the Pandemic and natural disasters of 2020 reversed these gains. It is estimated that, in 2021, three out of five Hondurans were living in poverty, and the majority were concentrated in rural areas. This context also applies to the situation experienced by rural Honduran women and indigenous and Afro-descendant communities, especially regarding access to land, financial resources, basic health services, education, water, sanitation, and decent and permanent jobs (INE, 2019).

With respect to inequality on income distribution, Honduras moves away from regional trends as it has one of the highest Gini coefficients in the continent. Between 2001 and 2019, it remained above 50.0 points, with few gains in the reduction of inequality on income compared to that observed in El Salvador (-12.9 points) or the Dominican Republic (-8.1 points) (Banco Mundial, 2022).

Honduras is facing a crisis in the social, economic, political and environmental areas, which manifests itself in insufficient growth and little impact to reduce inequalities and poverty; high levels of informality; imbalance in public finances; structural inequality faced by women, indigenous peoples, Afro-descendants and persons with disabilities; increased migration and high chronic rates of violence; and a high vulnerability to increasingly strong and recurring climatic events due to climate change (PNUD Honduras, 2022).

On the other hand, the combined effects of the Pandemic and the increasingly recurrent and intense weather phenomena such as hurricanes ETA and IOTA, caused a reversal of the improvements accumulated in recent years regarding income inequality and maternal and infant mortality. Life expectancy fell by around 1.5 years due to mortality caused by the COVID-19 pandemic. In addition, the average level of schooling fell by at least one year (which implies the loss of the typical progress that the country achieved every ten years), while per capita income fell by almost 10% (Banco Mundial, 2022).

In the last three decades, the evolution of the Human Development Index and its components has been increasingly moderate. At the subnational level, it should be especially concerning that the country is far from achieving the expected achievements in the basic aspects of this paradigm: life expectancy, education, and income even in the departments with higher human development (UNDP, 2022). It is important to highlight that the levels of access to basic services and their quality are very low, especially regarding access to clean water, basic sanitation services, and access to energy, health, and education.

The municipalities of Juan Francisco Bulnes and Brus Laguna have an HDI of 0.63 and 0.65 respectively (UNDP, 2022).

Brus Laguna has a total population of 12,447 inhabitants, of which 6,173 are men and 6,274 are women. 57% of the population lives in urban areas and 43% in rural areas. Its territorial extension is 3,291 km², and it has 7 villages, 53 hamlets and 7 urban neighborhoods. 79% of its population belongs to the Miskitu ethnic group. Brus Laguna has an illiteracy rate of 10%, primary coverage of 88% and 28% of households are headed by women (INE, 2019).

Juan Francisco Bulnes has a total population of 6,015 inhabitants, of which 2,969 are men and 3,046 are women. 100% of the population lives in urban areas. Its territorial extension is 734

km² and it has 7 villages, 56 hamlets. 55% of its population belong to the Garífuna ethnic group. Juan Francisco Bulnes has an illiteracy rate of 12%, primary coverage of 86% and 27% of households are headed by women (INE, 2019).

The department of Gracias a Dios has approximately 108,000 inhabitants from four indigenous groups: Miskitu, Pech, Tawankas, Garífunas and mestizos (INE 2022). Specifically, in the municipality of Juan Francisco Bulnes, the majority of the population is Garífuna, followed by Pech and mestizos, while in Brus Laguna the predominant population is Miskitu followed by mestizos.

Indigenous governance in the Muskitia territory is composed of Territorial Councils (TC). Unfortunately, the management capacity of the TC has been very limited due to the lack of resources, the lack of a legal and institutional context to support their efforts, and the lack of clear and committed leadership.

Currently, the consortium made up of CASM and AeA, with financing from COSUDE, is financing a program called PRAWANKA. This program has supported the institutional development process of most of the TC and therefore there has been progress in the institutional development process of some TC, although there is still a long way to go, especially in the development of their institutional capacities for the design and project implementation.

The Muskitia Asla Takanka (MASTA) is the highest organizational structure in the Miskitu territory and brings together 12 Miskitu Territorial Councils, including the Federation of Pech Indigenous Tribes of Honduras (FETRIPH), and the CT Barauda representative of the Garífuna people. MASTA was founded on June 26, 1976 in the municipality of Ahuas with the vision of "Becoming the highest authority for territorial political representation, protest, defender of individual, collective, ancestral rights and identity of the Miskitu Indigenous People, seeking to strengthen the autonomy and indigenous governance of the territory of La Muskitia, revitalizing culture and guaranteeing the legalization, administration and collective control of their lands, territories and natural resources" (MASTA, 2012).

The main traditional livelihoods of coastal communities are based on subsistence agriculture, fishing, hunting, gathering forest products, and occasional or seasonal wage labor. Likewise, men and especially young men are engaged in commercial fishing working as divers for commercial fishing boats during the months of August to March. This activity generates a lot of income; however, it is also a serious social problem for the Miskitu community because it promotes a high consumption of drugs and alcohol leading to health problems that leave many young people crippled and/or permanently disabled due to bad diving practices and/or lack of equipment and/or improper use of it during the dive.

La Muskitia is one of the most remote, marginalized, and isolated regions of the country, being accessible only by river and air transport. Likewise, it is an area that has very little presence and investment from the State of Honduras and therefore the quality of health, education, water and sanitation, security, access to energy and infrastructure services are of very poor quality or non-existent as a result of the continued economic and social exclusion of the region and its inhabitants by the State of Honduras. On the other hand, the limited institutional presence of the State of Honduras and the economic and social exclusion of the population have facilitated the invasion and colonization of people from mainly the departments of Olancho and Colon causing the deforestation of large tracts of land to dedicate it to extensive cattle ranching.

Likewise, the weak institutional framework has allowed the increase in drug trafficking in the region, causing the displacement of entire small communities due to the high levels of violence generated by this criminal activity (CASM, 2021).

Climate change vulnerability and impact

Central America is one of the most vulnerable regions to climate change. Honduras in particular has suffered the effects of the strongest hurricanes during the last 60 years since its territory, and in particular, the Mosquitia area, are located in the corridor through which most of the tropical storms and hurricanes that form in the Caribbean pass, causing serious and recurring damage to the infrastructure, economy and lives of the people who inhabit this area. Among these we can mention Hurricane Fifi in 1974, Hurricane Mitch in 1998 and more recently Hurricanes ETA and IOTA in November 2020. The damage caused by the increasingly strong and more frequent hurricanes to its economy, ecosystems, human lives, and infrastructure deepen the already existing high levels of poverty in the country and particularly in marginalized rural areas such as the coastal areas in the Mosquitia. On the coasts, this leads to increases in sea level, floods, and saline intrusion, leaving the population exposed to an increase in the incidence of tropical diseases.

Central America suffers from severe health problems due to epidemics caused by vectors, degradation of coral reefs, affectation of food security and damage to life and infrastructure due to floods, landslides, rise in sea level, storm surges and coastal erosion (IPCC-AR6, 2023).

Since 1960, Honduras has suffered from the financial losses caused by storms, which have increased in frequency and intensity. Some examples of this are Hurricane Mitch in 1998, which caused damage to the country's economy for more than US\$3,841 million, which at that time represented 70 % of the Gross Domestic Product of the country, as well as the loss of life of more than 8,000 people and more than 1.5 million displaced people (OCDE/CAF/CEPAL, 2018). More recently, Hurricanes ETA and IOTA in 2020 caused damage to the economy for more than Lps. 52,000.00 million (equivalent to US\$2.2 billion) (BID/CEPAL, 2021), in addition to causing the loss of human lives and displacement of large numbers of the population to other parts of the country or abroad due to the loss of their homes and livelihoods.

Each climatic event that affects Honduras generates losses in the productive and social infrastructure, productive system and human lives that impact the evolution of the country's human development. For example, the UNDP in its HDI 2022 report indicates that "ETA and IOTA undermined the cumulative improvements in the three dimensions of the HDI: in 2020, life expectancy fell back to the level observed in 2012, average schooling reversed at least one year (which implies the loss of the typical progress that the country achieved every 10 years) and per capita income fell by almost 10%, according to World Bank data."

Each region faces more severe or frequent compound and/or cascading climate risks in the short term. Changes in risk are the result of changes in the degree of threat, the exposed population, and the degree of vulnerability of people, assets or ecosystems. In the case of Central America (Figure 2), an increase of 35% in the number of people affected by coastal flooding is estimated for the year 2040 as a result of the rise in sea levels, under an intermediate scenario in the increase in emissions and the current actions in adaptation (IPCC-AR6, 2023).

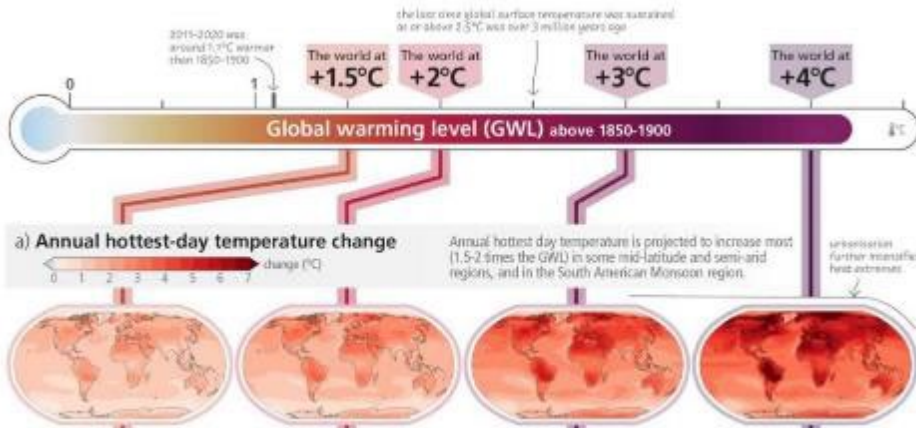


Figure 2. Effect of various scenarios on the increase in global mean temperature.

Future climate change will increase the severity of the impact on natural and human systems and will increase regional differences (IPCC-AR6, 2023). Figure 3 shows how in Central America these climate changes will significantly affect human health, as well as corn production and fishing in coastal areas, seriously affecting the livelihoods and food security of the population that lives in the region.

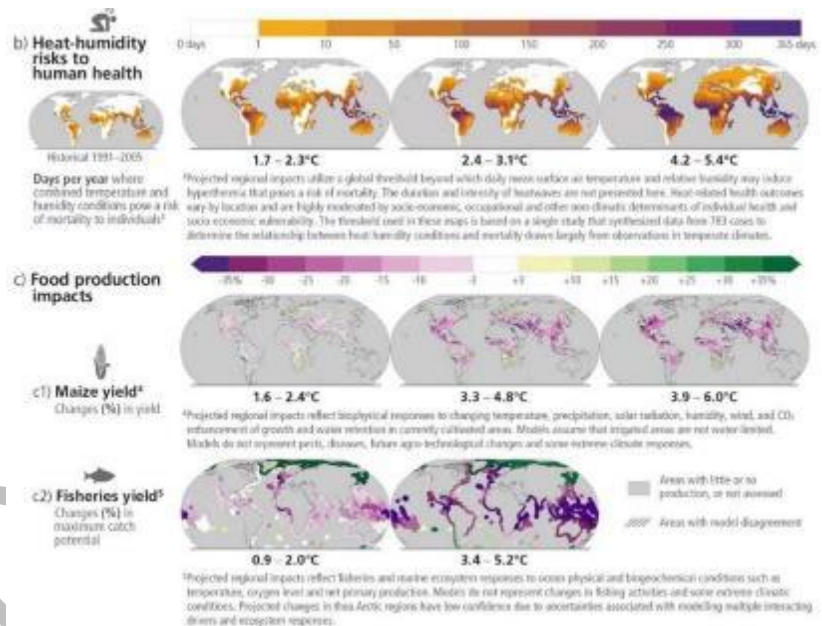
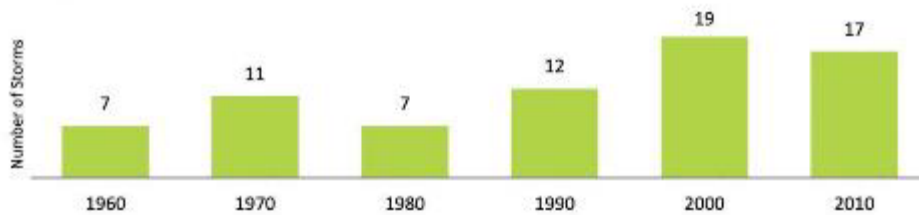


Figure 3. Effect of different scenarios of increase in average temperature on livelihoods by region.

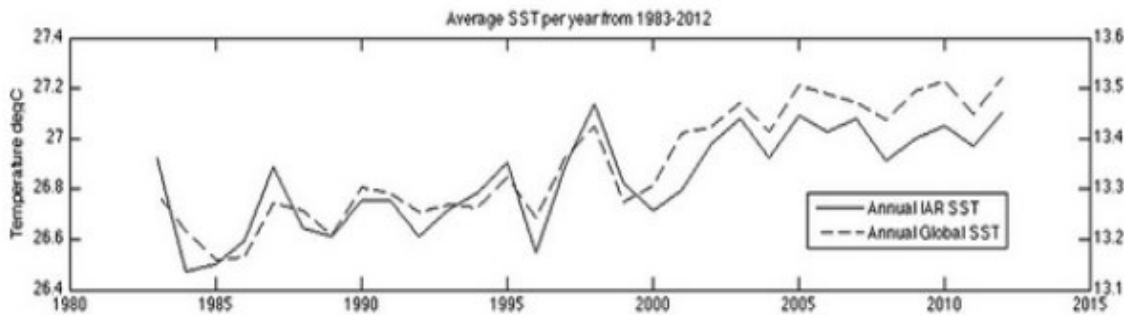
Projected changes in climate will increasingly affect people's livelihoods and economic activity and will force migration and resettlement processes. The intensification of extreme weather events on the Atlantic coast of Central America caused by the consequences of global warming is likely to impose an unsustainable burden on the region's fragile economies and contribute to the loss of human and financial capital, including livelihoods and assets (Figure 4). The economic impact of extreme weather events is reflected in crop losses, damage to settlements, the impacts caused by the displacement of populations, especially the most vulnerable, and the loss of human lives.



Source: from data extracted from <https://coast.noaa.gov/hurricanes/>

Figure 4. Distribution of extreme weather events in the Central American region by decade since 1960.

Globally, sea surface temperatures (SST) have increased as a direct response to global warming. Analysis of historical records has concluded that the Caribbean Basin SST has increased over time (Figure 5), experiencing most of the net changes since the 1990s. (Blankespoor et al, 2016), (Browder et al, 2019).



Source: Browder et al., 2019

Figure 5. Distribution of the average annual temperature of the sea surface.

The global and regional projections converge with the data generated by Navarro-Racines et al, 2018, since the possible scenarios generated for the Muskitia territory project temperature increases for all scenarios and times of the year, with the highest increases being for the months of June, July, and August. Projections also indicate a faster increase in maximum temperature than in minimum (Figure 6). This discrepancy, in which the maximum temperature grows at a higher rate than the minimum in most scenarios and seasons, suggests higher degree days throughout the year and consequently higher evapotranspiration rates and more extensive arid areas (Navarro-Racines et al, 2018).

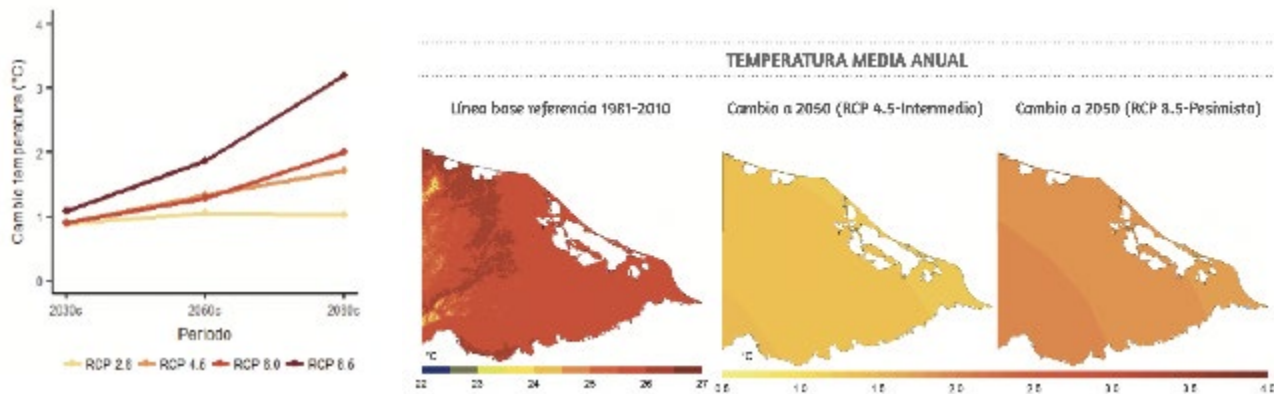


Figure 6. Average annual temperature in the Muskitia according to different scenarios

Navarro-Racines et al, 2019, indicates that, in the Mosquitia region, the scenarios show a trend of precipitation change towards a moderate decrease. However, an increase in precipitation of up to 6% is projected for the year 2050 for the RCP 2.6 scenario and a decrease of up to 8% for the year 2100 for the RCP 8.5 scenario (Figure No. 7). Likewise, it is projected that there are increases in precipitation at the beginning and end of the rainy season, which, in summary, brings with it heavier and more frequent rains at the beginning (May) and at the end of the rainy season (October and November) increasing the chances of flooding in the coastal areas of the Mosquitia.

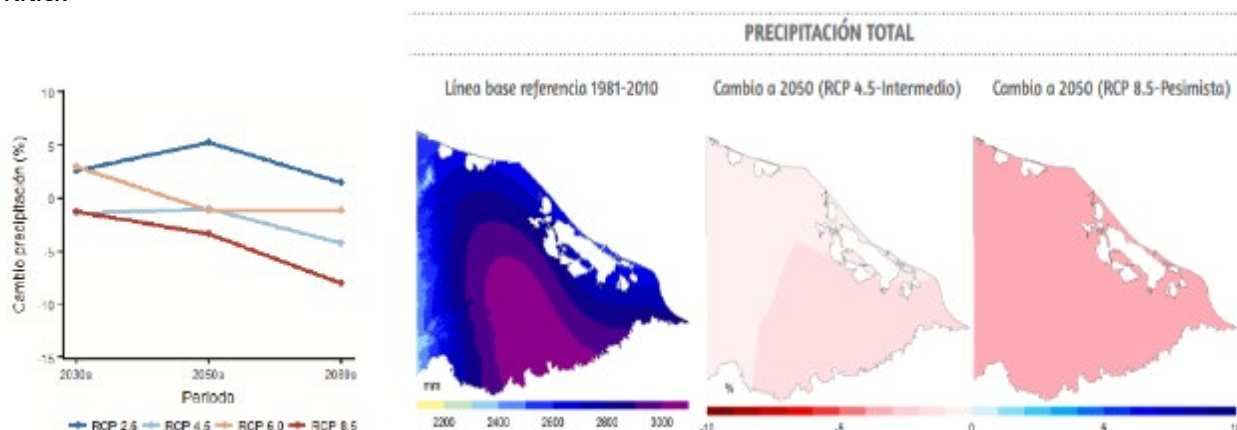


Figure No. 7. Annual precipitation in the Mosquitia according to different scenarios.

Vulnerability to climate change

Honduras has a high degree of vulnerability to climate change and a very low level of preparedness for climate change events, which is reflected in the Notre Dame Global Adaptation Index (ND-GAIN).¹, where Honduras, according to the 2020 index, ranks 136 out of 182 countries in the world (Universidad de Notre Dame, 2023). This result places Honduras in the upper left quadrant of the ND GAIN Matrix, which indicates that Honduras has a great need for investment and innovations to improve its preparation and a great urgency for action. Figure 8 explains the meaning of each quadrant of the matrix and the location of Honduras in it based on the index calculated for the year 2020.

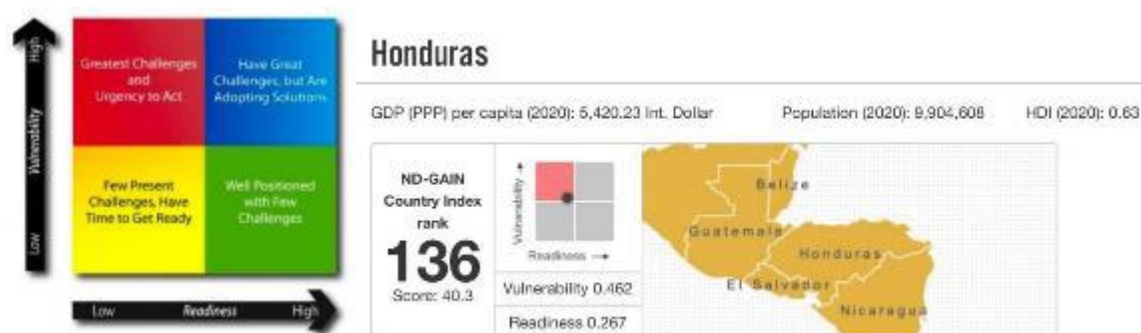


Figure 8. Explanation of the Vulnerability Index of Honduras according to the ND-GAIN Index.

¹<https://gain.nd.edu/our-work/country-index/>

Honduras in general, and the Muskitia territory in particular, are highly vulnerable to increasingly strong and frequent extreme climate change events, which, according to available scientific studies at the global, regional, and national levels, will intensify in the coming years.

The department of Gracias a Dios is classified as highly vulnerable to climatic effects given its exposure to tropical events and its lack of internal infrastructure. The FAO reported that, from December 2021 to February 2022, at least 2.2 million people in Honduras would be in a food crisis, with the department of Gracias a Dios being the most affected, with a negative impact on 43% of its population.

Climate change has social, environmental, and economic impacts that affect vulnerable populations to a greater extent. In Honduras, boys and girls, young people, women, the elderly, and indigenous and Afro-Honduran peoples (PIAH), especially those who live in rural environments, are in situations of high vulnerability to climate change due to their diminished capacities and opportunities to adapt to its effects.

The impacts of climate change vary between men and women due to the roles, responsibilities, and inequalities they experience in relation to access to land, credit, information and technology, the differentiated use and management of natural resources, and their differentiated participation in decision-making processes. There is a causal relationship with the impacts of climate change. On the one hand, the impacts of climate change and environmental degradation tend to exacerbate existing gender inequalities, and on the other hand, gender inequalities mean that the negative impacts of these phenomena are greater on women, boys and girls, placing them in a position of vulnerability where their livelihoods, assets and health are affected (PNUD, ONU Mujeres, PNUMA, 2020).

The coastal communities of La Muskitia are frequently affected by storms and flooding, especially during the hurricane season. The extreme weather events cause beach erosion, damage to homes, infrastructure, water and sanitation systems, crops, and fishing, and put people's lives at risk. Likewise, the salinization of water affects the availability of drinking water and agriculture in the region.

Climate change is affecting public health in coastal communities, especially the health of children, youth and the elderly due to the increase in incidences of vector-borne diseases, such as dengue and chikungunya, and diseases acquired through water due to problems of access to good quality water and non-existent or very poor-quality sanitation systems.

The geographical location of the coastal communities, the lack of preparation for extreme weather events, the lack and/or limited quality of health services and infrastructure, education, deficient or non-existent drinking water and sanitation systems, deficient housing, lack of drainage systems, food insecurity, limited economic opportunities to generate income, the economic and social exclusion suffered by indigenous populations and specifically women, and the little institutional presence of the State of Honduras in the territory of the Muskitia significantly increase the level of vulnerability of coastal communities, their inhabitants and ecosystems to extreme events of climate change. Therefore, it is urgent and necessary to provide financial and technical resources to national, subnational, and local institutions in order to design and implement adaptation measures that allow them to reduce their vulnerability and increase their resilience to climate change while reducing the levels of poverty of its population.

Gender considerations.

According to the Global Gender Gap Index published in June 2023, Honduras is ranked 53 out of 146 countries with a parity index of 0.735. (World Economic Forum, 2023). It is noteworthy that there has been a progress of almost 30 positions compared to the results of 2022, where Honduras was ranked number 82 out of 146 countries with a parity index of 0.705. (World Economic Forum, 2022).

The Global Gender Gap Index was first introduced by the World Economic Forum in 2006 to measure progress towards gender equality and compare gender gaps between countries in four dimensions: economic opportunity, education, health, and leadership. Despite the advances in terms of gender parity in recent years, gender relations are still very unequal due to cultural norms, education, and above all unequal access to resources, which limits the decision-making power of women on the use of household resources.

With respect to the Garífuna and Miskitu culture, gender relations have some particularities regarding the role of women and men that are mentioned below.

Garífuna. Men and women have ancestrally marked their role in the Garífuna culture, based on subsistence agriculture, gathering and fishing, where the matriarchal figure is the guide and support of every family. The woman is the one who brings the food home, since she is in charge of cultivating the land, especially the planting of cassava, plantain, sweet potato, and yams, she is also dedicated to economic activities such as the preparation and sale of cassava and/or bread coconut, looks for firewood and is in charge of raising the children. For their part, men are generally absent and when they are present, they are in charge of generating income through fishing in the sea, either their own or as employees in large fishing boats. When they are at home, they support the women in their subsistence farming and fishing activities.

Miskitu. The economy of the Miskitu peoples is based on agriculture, fishing, hunting, and gathering. Men generally leave the community for long periods of time to generate income, generally through deep-sea diving to fish for lobster and other marine species, and when they are at home, they hunt large animals mainly for their own consumption. This activity generates a very high social impact in the communities since generally, the men who go fishing consume drugs, gamble, and due to poor diving practices and/or inappropriate equipment, there is a high incidence of partially and permanently disabled divers, becoming an economic and emotional burden for their families, especially their wives.

On the other hand, since most men use the limited resources, they earn to buy drugs, gamble, and/or establish extramarital relationships, they are unable to provide enough income for their families and therefore the burden of food, health, education, entertainment, and clothing for the entire family falls on women.

The absence of men has encouraged women to assume leadership and responsibility in running the home. Also, due to this situation, many women have chosen not to have a

permanent partner and hence, a popular saying among women themselves that indicates that they are single during the day and married at night.

The women are in charge of carrying out agricultural activities, fishing in the river and lagoon and hunting small animals to guarantee the food security of their family. Likewise, the generation of the limited cash income is obtained through the transformation of agricultural and marine products that are later marketed, as well as the establishment of enterprises such as grocery stores, canteens, preparation, and sale of bread, among others.

Unfortunately, in the Miskitu communities there are no sources of employment since there are not enough economic activities that generate wealth, resulting in very limited economic production. In this sense, women are the ones who suffer the most from the effects of the floods caused by climatic events, since, during these events, they lose most of their crops and animals and since they do not have a permanent income-generating activity, they lack cash resources to meet the needs of their family. This situation increases the level of vulnerability of women and with it the young people, boys, girls, and older adults who are generally cared for by women.

Finally, it is important to mention that due to the precarious economic situation of the majority of women and due to the need to feed their children and not having the possibility of an income-generating activity, many women eventually dedicate themselves to the practice of prostitution. with the aim of obtaining extra income and thus being able to feed their families.

Climatic context and definition of the problem for the focus of the areas for the investments of the EDA program

The intervention area of the EDA program will be the coastal communities of the Municipalities of Juan Francisco Bulnes and Brus Laguna, as shown in Figure 1.

The Project-specific interventions haven't been identified so far. However, the program has identified the type of interventions the EDA program will finance and already identified the communities and its social and environmental setting where this type of project will be designed and implemented. The projects that will be financed and executed will focus on the implementation of relevant and necessary adaptation measures (solutions) to help increase resilience and reduce the vulnerability of indigenous and Afro-descendant coastal communities to the increasingly frequent extreme rains, hurricanes, and increased temperatures that cause frequent flooding, directly affecting their homes, livelihoods, community infrastructure, access to health services, education, water and sanitation, their health, and their lives.

The EDA program will provide the necessary financing for local organizations to identify, design and take action through the implementation of the adaptation measures required to increase their resilience and reduce their vulnerability to climate change.

The focus areas for the development of project proposals at the local level have been identified taking into consideration the following aspects:

1. Climatic factors have been identified based on scientific evidence contained in global and national studies.

2. The climatic factors and risks in the indigenous and Afro-descendant coastal communities have been discussed with the different relevant actors in said communities through a consultation process carried out for this purpose.
3. The adaptation measures identified are relevant to address the climate risks suffered by indigenous and Afro-descendant coastal communities in the program's area of influence.
4. The adaptation measures are feasible to execute in the area of influence of the program and can be carried out by local organizations.
5. The adaptation measures identified are among the adaptation measures prioritized by the Government of Honduras in its updated NDC document and in the National Adaptation Plan.

A summary of the climate context and problem definition for each EDA program focus area is presented in Table 2 below.

Table 2. Climate context for key focus areas of the EDA program

| Climatic factors | Impact on communities (Climate risks) | Area of action to deal with impacts |
|--|---|--|
| Frequent precipitation and extreme rainfall due to the presence of tropical storms and hurricanes have increased in the area of influence of the project due to climate change. | <ul style="list-style-type: none"> Flooding of communities by sea water, rivers, and lagoons. Saline intrusion Damage to the infrastructure of homes, streets, schools, health centers, water, and sanitation systems Lost in agriculture and livelihoods. Vector diseases and water pollution. loss of human lives | <ul style="list-style-type: none"> Preparedness systems for extreme weather events. Infrastructure of basic services such as health, education, water, and sanitation resilient to floods and hurricane winds. Storm drainage systems in communities Coastal protection systems and restoration and reforestation of mangroves |
| High temperatures and climatic variability have increased due to climate change. | <ul style="list-style-type: none"> Loss of crops and animals fish reduction | <ul style="list-style-type: none"> Climate-Smart Agriculture Programs Diversification of the livelihoods of the most vulnerable people in the communities. |

Honduras is a country highly vulnerable to the effects of climate change and with very low capacities to adapt to these effects, as indicated by the Notre Dame Global Adaptation Index (ND-GAIN). Given that the area of influence proposed for the program is located in the hurricane corridor, and that these communities have traditionally been excluded, the levels of vulnerability are even higher and therefore with each extreme weather event, which are increasingly more frequent, the levels of vulnerability increase, further exacerbating the high levels of poverty and economic and social exclusion that already exist in the region, especially of indigenous women, youth, children and the elderly.

The impact of climatic events on the Honduran economy and the Muskitia region is devastating and with each event that occurs, the progress that has been made in terms of economic and social development since the last extreme weather event is lost.

The State of Honduras has a strong commitment in the fight against climate change. In this sense, it has developed a climate agenda, a structure, and a public policy framework with the

aim of advancing in the fight against climate change. Following this, in 2010 the National Climate Change Directorate (DNCC) was created, the National Climate Change Strategy (ENCC) was prepared, the Inter-Institutional Climate Change Committee (CICC) was formed, and the Climate Change Law was formulated. Likewise, the preparation of the National Climate Change Adaptation Plan began in 2015, (Secretaria de Recursos Naturales y Ambiente, 2018; Secretaria de Recursos Naturales y Ambiente., 2021) whose principles are reaffirmed in the document Updating the National Determined Contribution of Honduras (NDC-HN, presented within the framework of the Paris Agreement in 2015. Likewise, it is important to mention that in its updated NDC-HN, Honduras prioritizes the development of funding mechanisms to finance adaptation actions for vulnerable groups (Secretaria de Recursos Naturales y Ambiente., 2021).

Currently, recurring extreme weather events in the program's area of influence are strongly affecting indigenous and Afro-descendant coastal communities, which are already highly vulnerable due to their geographic location, high levels of poverty, limited access to health services, water, and sanitation, among others. Likewise, their level of preparation to face said events is very limited or non-existent. Furthermore, projections indicate that extreme weather events will become more frequent and stronger, which, together with the high vulnerability of these communities and their low level of preparation, requires immediate actions that generate the necessary capacities in the communities to reduce their vulnerability and increase their resilience to climate change.

Coastal communities have several barriers to be able to address the climatic risks that they face recurrently, which are mentioned below:

1. Non-existent and/or very poor-quality water, health, sanitation, drainage, and infrastructure services, which increases their level of vulnerability to climate change.
2. Limited access to livelihoods that allow them to have access to the necessary resources to prepare for and survive the losses caused by recurring extreme weather events.
3. Lack of knowledge and information about the adaptation measures that may be required to be able to face climate risks.
4. Limited capacities of local organizations to access climate financing and implement adaptation measures.
5. Limited financial resources to be able to implement adaptation measures to face the climatic risks to which they are exposed.

This proposal is an EDA intervention; therefore, the specific projects have not yet been identified since they will be designed and proposed by the communities themselves through the process defined for this purpose within the framework of this project. The specific adaptation measures proposed for financing within the framework of this program must be included within the priorities established by the country in its NDC-HN document. (Secretaria de Recursos Naturales y Ambiente., 2021), and specifically in the contributions and measures/actions of the NDCs identified in Table 3 framed in the sectors sovereignty and food security, human health, biodiversity and ecosystem services, infrastructure and socioeconomic development, water resources and that prioritizes the development of mechanisms of Financing to finance adaptation actions for vulnerable groups.

Table 3. Alignment of the EDA Program with the updated document of the NDC of Honduras.

| Components | Sectors | Contributions | Measures/Actions |
|-------------------|-------------------------------------|--|---|
| Social Inclusion | Cross-cutting | Social Contribution G6. By 2030, Honduras commits to develop and implement a gender and climate change strategy to guarantee gender-responsive implementation of the NDC that includes lines of action that promote access for women, PIAHs, and young people to new technologies, green jobs and market and financial opportunities. | <ol style="list-style-type: none"> 1. Gender-responsive early warning community systems for floods and droughts, particularly in indigenous and Afro-Honduran communities in coastal areas. 2. Contingency and risk management plans with a gender approach to climate risks built in a participatory manner, including women throughout their life course, PIAH, and young people. 3. Establishment of a family orchard initiative for PIAH women and young people that provides technical and financial support to improve these family orchards and the marketing of products to generate income and contribute to the household economy. |
| Adaptation | Water resources | Contribution in Adaptation A3. In 2023, the National Water Policy will have been prepared and the Water Authority created, in addition to strengthening the National Meteorological Network among all the institutions that generate hydroclimatic information. | Measure 1. Increase in water storage capacity for water resilience (multi-use reservoirs, multi-use reservoirs, and temporary dikes for drought). |
| | Biodiversity and ecosystem services | Contribution in Adaptation A4. By 2030, the management plans for protected areas will have been updated with the adaptation component | Measure 9. Reforestation and restoration of degraded ecosystems (restoration, reforestation of productive rural landscapes). |
| | Agri-food | Contribution in A5. In 2025, the country's Participatory Agrifood Tables will have been formed and strengthened, in | Measure 3. Strengthening of human capacities in the agri-food sector for adaptation (capacity strengthening, adaptation capacities of production systems to the impacts of climate |

| | | | |
|-----------|--|--|--|
| | | adaptation measures, with their early warning systems working. | change, efficient water use technologies). Measure 4. Actions for prevention and response to extreme events, with emphasis on drought and floods (reduction of impacts of droughts and floods in the sector, food security through sustainable agri-food production). |
| | Infrastructure and Socioeconomic Development | Contribution in Adaptation A7. In 2025, Municipal Land Management Plans-PMOT and/or Municipal Development Plans with a focus on adaptation and a gender focus will have been updated. | Measure 11. Adaptation to climate change in urban environments (resilient housing, urban green spaces, storm drainage in cities, integration of climate change in development plans and sanitation networks) |
| | Cross-cutting | Contribution in Adaptation A9. By 2025, there will be financing mechanisms for adaptation actions for vulnerable groups (women, youth, and PIAH). | Measure 14. Financing mechanisms for vulnerable populations (rural savings banks to improve ACC capacity for women, access to credit, and access to markets for the rural population). |
| Financing | | Contribution in F1 Financing. By 2030, Honduras commits to adopt an Investment Plan with a Climate Change Financing Strategy and a carbon market architecture. | Strengthen the national capacities of institutions for the identification, design, and management of climate change initiatives, including the mobilization of financing resources and the design of mechanisms to manage financial resources from national and international sources, including the private sector. |

Table 4 below identifies the different types of projects that may be financed under the EDA project for each sector.

Table 4. Indicative project types that will be financed through the EDA Program

| Activity area | Types of projects that can be financed |
|--|---|
| <p>Management of coastal zones. Disaster risk management in order to reduce the exposure of coastal communities in the program's area of influence to climate-related hazards and threats.</p> | <p>Gender responsive community early warning systems for floods including the establishment of Emergency Operations Centers.</p> <p>Construction and/or improvement of storm drainage systems to reduce the impact of flooding in the communities affected by the program.</p> |
| <p>Infrastructure for increase the adaptive capacity of the health, education, water, sanitation, and drainage systems in the communities targeted by the program.</p> | <p>Construction and/or restoration of dikes and wave-breaking barriers that are compatible with the environment to protect the coast from erosion and flooding caused by waves and the currents of rivers and lagoons.</p> <p>These locally led adaptation activities will fit within the EDA approach since, there is local knowledge of the communities on developing these types of activities. Communities have been protecting from sea and lagoon intrusion from many years ago building natural and physical barriers utilizing some trees such as the Naranjon, sea grapes, and mangroves in combination with cement blocks and sand. Below some pictures showing some examples of these barriers.</p>  |



These solutions have been effective, and some communities are interested to increase the protected area with such barriers and restore some of the barriers built in the past but damaged because of the hurricanes and lack of a proper maintenance.

Construction and/or improvement of the infrastructure of health centers, educational centers, drinking water systems and sanitation systems in the project communities in response to the impacts of climate change and its variability

Ecosystems. Increase the resilience of mangrove ecosystems in response to stress induced by climate change and variability.

Design and execute strategies and restoration plans for mangroves on the coasts and the lagoon system in the area of influence of the program.

| | |
|---|---|
| <p>Agriculture and Livelihoods. Strengthen and diversify livelihoods and sources of income for vulnerable people, focusing on women in the area of influence of the program</p> | <p>Design and implementation of climate-smart agriculture projects oriented towards inclusive markets.</p> <p>Design and implementation of income diversification projects for women and excluded groups.</p> <p>Design and implementation of financing mechanisms to facilitate financing to vulnerable groups in the communities.</p> |
|---|---|

The EDA project proposes a modality of direct climate financing to local organizations to increase their capacity to respond to the effects of climate change through the direct implementation of adaptation measures. For this process to be successful, the capacities for the identification, design, and implementation of adaptation projects of local organizations will be strengthened.

Because the specific interventions have not yet been identified, the project includes Unidentified Sub Projects (USPs). To that end, the project will support the communities with the following actions:

1. Strengthening of local organizations in their managerial, legal, administrative, and financial capacities required for the execution of the projects in order to guarantee compliance with their fiduciary obligations required for the implementation of Adaptation Fund projects.
2. Strengthening of local organizations in their capacity to identify, formulate and manage the financing of projects to implement the adaptation measures to climate change required in their communities, ensuring compliance with the environmental and social safeguards of the Adaptation Fund and compliance with the national environmental and social regulations relevant to said projects.
3. Strengthening of the technical capacities of local organizations to implement the projects that have been approved in order to guarantee the successful execution of the subprojects.

Program objectives:

The program proposal is designed for the Direct Access Improvement Mechanism (EDA) of the Adaptation Fund involving national, subnational, and local entities in the design and implementation of climate change adaptation projects in the coastal communities of the Mosquitia de Honduras. In line with the objective of the EDA, the program will contribute to increasing decentralized decision-making and financing for adaptation at the local level in Honduras.

The Program's General objective seeks to contribute to increasing the adaptive capacity and climate resilience of the vulnerable Miskitu, Garífunas, Pech and Mestizo communities of the marine-coastal region of the municipalities of Juan Francisco Bulnes and Brus Laguna with emphasis on the protection of their livelihoods, assets, and ecosystem services.

The Program's Specific Objectives are the following:

1. Develop the institutional capacities of local entities for the development and execution of projects that increase the resilience to the effects of climate change in the Garífuna and Miskitu communities of Juan Francisco Bulnes and Brus Laguna.
2. Establish a grant financing scheme under the EDA program that allows the identification, review and approval of project proposals that contribute to climate change adaptation of the Garífuna and Miskito communities of the municipalities of Juan Francisco Bulnes and Brus Laguna.
3. Manage EDA program grants to finance the implementation of climate change adaptation measures in selected communities.
4. Promote the development and management of knowledge and information on climate change at the local, national, and international level.

Through the EDA program, local communities will be empowered to access international climate financing to design and implement solutions for climate change adaptation at the local level.

The Theory of Change

The coastal communities in the Muskitia of Honduras, face unique challenges posed by climate change. Every year, most of the population suffer because of the floods caused by the sea and the rivers losing almost 100% of their crops, losing animals, damaging their houses, as well as health centers, schools, and roads. Just as an example the floods caused by the heavy rains in November 2023 in Brus Laguna Wampusirpi, and Villeda Morales affected 30,000 people and destroyed all its cassava, maize, and beans crops. In most of the communities there are not suitable water and sanitation services. Therefore, flooding contaminated water sources with sewage, pathogens, and pollutants. This contamination normally spread waterborne diseases such as cholera, dysentery, typhoid, and hepatitis A. Ingesting or coming into contact with contaminated water also cause severe gastrointestinal illnesses. Additionally, floodwaters create breeding grounds for disease-carrying vectors like mosquitoes. This normally increase vector-borne diseases such as dengue fever, Zika virus, and chikungunya. Stagnant water allows mosquitoes to reproduce more rapidly, increasing the risk of disease transmission. Furthermore, the health system is very weak and does not have the capacity to provide suitable health services to the population. Finally, besides the lack of proper health services, more than 90% of the population does not have a stable source of income to allow the population to recover from the damage caused to their crops, properties, health, and their lives.

The heavy and frequent rain in the proposed geographical area for the EDA along with the high level of vulnerability they have requires the urgent action to support the population living in this communities to reduce their vulnerability levels and increase their resilience to climate change.

The IE is requesting the Adaptation Fund to approve US\$4.0 million to finance the implementation of the EDA program. This program aims to provide financial and technical resources to at least 25 national, subnational, and local institutions to design and implement adaptation measures that allow them to reduce their vulnerability and increase their resilience to climate change while reducing the levels of poverty of its population.

The aim of the program will be achieved through the implementation of four (4) interlinked and complementary main activities (components). The development of institutional capacities of local entities for the design and implementation of adaptation projects will ensure local entities have the required capacities to design high quality project proposals and implement them according to AF standards and policies. Building on the capacities strengthened of local entities, the program will release a call for proposals to receive high quality adaptation project proposals for its review and approval. Then, the program will be able to disburse to eligible and capable entities the approved resources to deliver adaptation measures at local level on coastal zone management to protect the communities against sea level rise and ensuring ecosystem balance, on agriculture and livelihood to secure food sources and community livelihoods against erratic weather patterns, on infrastructure to build resilient infrastructure to provide and/or improve access to water and sanitation, health and education services as well to improve/build drainage system in the communities and reduce the impact of floods and reduce the vulnerability of the communities and its population to climate change threats. Finally, the program will manage and develop knowledge on climate change adaptation measures to support the project delivery, contribute to generate knowledge on climate change adaptation and explore options to scale up the EDA model in other vulnerable communities.

Through the implementation of these activities, the program will deliver the following outputs: at least 25 local entities are capable to design and implement adaptation projects, at least 25 adaptation projects designed, financed, and implemented, and an increase of the adaptation capacity at local level. All these will contribute to the achievement of the following outcomes: Improved adaptive capacity at the local level, indigenous and afro-descendant communities have accessed financing for adaptation, and indigenous communities have increased their resilience and reduced the vulnerability to climate change of more than 18,000 people (60% women).

Therefore, all the activities, outputs and outcomes will allow that indigenous and afro-descendant communities have increased their adaptive capacity and increased their resilience to climate change.

The Theory of Change is based on the following assumptions:

1. *Local entities have the required capacities to develop high quality project proposals and to implement them according to AF standards and policies and ensuring sustainability and replication.* This assumption is supported by the following drivers:
 - a. *Capacity assessment.* The program will apply a capacity assessment to all interested organizations to be a project executing entity. This assessment will allow the program to select at least 20 potential organizations and identify the capacity gap they have on project design, compliance with Environmental and Social Safeguards, among others, and based on these gaps to develop and implement a capacity building plan for each selected organization.
 - b. *Capacity building approach of the program.* The program will provide targeted capacity building support to selected local organizations based on the initial capacity assessment in order to strengthen its capacities to design high quality project proposals and implement the funded projects in compliance with AF standards and policies. This support will be provided from the selection as potential project executing entity, during the project design and during the project implementation.

- c. *Monitoring and evaluation.* The program will provide a close monitoring to all project executing entities during the project implementation and therefore will be able to make the necessary adjustments and provide the required support to the entity to fix any deviation of the project.
- 2. *Projects are sustainable, scalable, and replicable and the EDA program leverages additional resources. This assumption is based on the following:*
 - a. Local ownership. The local communities are fully aware of the impacts of climate change to their lives, infrastructure, and livelihoods, not because they were told about this, it is because they are already suffering it. Just as an example, Therefore, there is a strong understanding on the causes and are looking for the solutions but so far, they were lacking technical and financial support. Additionally, as per the program approach, communities will be engaged at early stage with local organizations to design the project as well during the project implementation.
 - b. Proven adaptation measures. The program will support tested and proved adaptation. Since the beginning of the Program at least one international event will be organized to show up tested and proved adaptation measures at local, national, and international level to support the local entities to design their projects. Furthermore, the program will provide technical support during the project design and implementation to guarantee the success of the project.
 - c. Strengthened local organizations. As result of the capacity building approach, at least 20 participating local organization will improve their capacities on project design and implementation, climate change adaptation and will be able to comply with AF standards and policies such as the Gender and the Environmental and Social policies allowing them to be ready to access financial sources from other sources.
 - d. Strengthened the linkages with national government organizations. One of the EE is SERNA with its Project Coordination Office and through this program SERNA will strengthen its presence in the region and also will promote the presence and investment of other key States Secretary in the region such as the Secretary of Health, Agriculture and Education among others.

In summation, the Theory of Change of the EDA Program recognizes the unique cultural and environmental context of these communities and aims to place them at the forefront of climate adaptation, making them not just beneficiaries but active participants in the change process. The Program's theory of change is shown below in Figure 9.

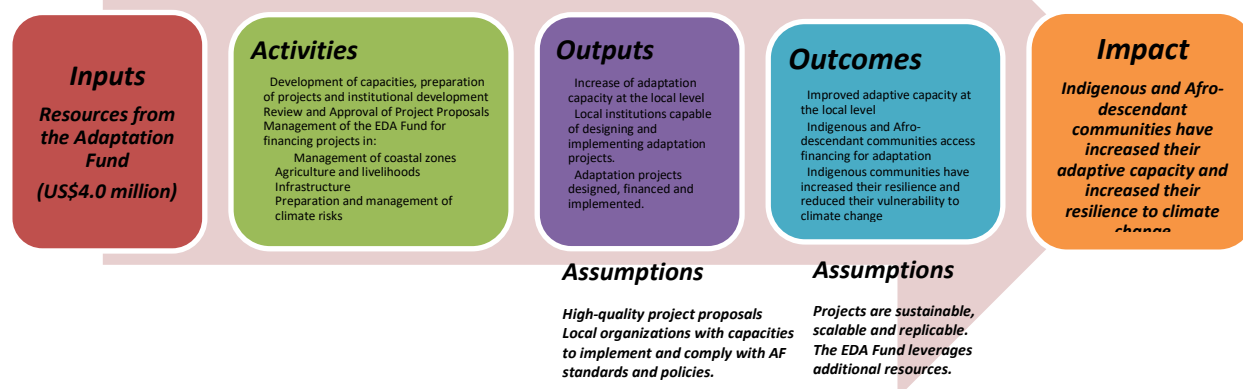


Figure 9. EDA Program Theory of Change.

Because of the location of the target communities, it presents some access challenges for the implementation. Therefore, to address these access challenges, the program will include the following elements:

Local Presence of the Program. The program will have a local office where the program team will be working and can better support the project activities, especially in building relationships with local organizations that will be designing and implementing climate change adaptation projects. Additionally, as much as possible, efforts will be made to hire staff from the region for the program, thereby reducing language barriers and ensuring an understanding of the local stakeholders and the region.

Local Organizations. The program will collaborate with local organizations, which have local staff, are familiar with the communities, and possess the necessary capacity to ensure a swift and successful execution of the projects.

Experience of the Implementing Entity. The Implementing Entity has over 20 years of work experience and presence in the project's area of influence applying methodologies adapted to local languages and cultures. Therefore, in addition to having strong recognition from local stakeholders, it has the logistics and knowledge necessary to support the executing entities to carry out the Program's activities. For example, because of the experience of the IE in the region, it has developed a transport network which allows it to access a safe, efficient and a reasonable price.

The duration of the program will be 4 years. It is planned to carry out at least one call for proposals, seeking applications for adaptation projects submitted by the local executing entities.

Because this proposal uses the direct access modality, it is not possible to state in detail the exact results that the program will deliver, as it would be possible to do for a specific project proposal. In fact, most specific outcomes and products will only be known once proposals are received and approved through the EDA process. However, the proposal may still be aligned with the Adaptation Fund Results Framework. It is noteworthy that, in addition to the EDA modality itself, the program will include training and education for local organizations in aspects

related to their institutional development and capacity to design and implement climate change adaptation projects. This will include training on how to request grants, as well as technical assistance support to strengthen the proposals. It will also include training and capacity building to execute grants for successful applicants, providing guidance and advice on all aspects of financial and project management, including reporting.

First, the EDA modality will directly contribute to the following results, outputs, and indicators at the fund level:

Outcome 2: Strengthening institutional capacity to reduce risks associated with climate-induced socioeconomic and environmental losses. The development and application of the EDA modality itself, and the training provided to develop proposals and manage them, will provide greater institutional capacity for adaptation. Specifically, it will contribute to product 2.2.

- **Output 2.2:** Increased readiness and capacity of national and subnational entities to directly access and program adaptation finance.
- **Indicator 2.2.1:** Number of people who benefit from direct access and improved modality of direct access.

EDA-funded projects will generate a set of results that align with the following relevant Fund results, although the exact alignment will depend on the projects funded, but will likely include results aligned with the following results framework of Adaptation Fund:

Outcome 3. Strengthening of awareness and appropriation of the processes of adaptation and reduction of climate risks at the local level.

Outcome 4. Increased adaptive capacity in relevant development sector services and infrastructure assets.

Outcome 5: Increased ecosystem resilience in response to stress caused by climate change and variability.

Outcome 6. Diversification and strengthening of the livelihoods and sources of income of vulnerable people in specific areas.

Outcome 8: Support for the development and dissemination of innovative adaptation practices, tools, and technologies.

Details of the alignment can be found in table 13 in the implementation arrangements section of the program proposal.

Program Components and Financing:

Fill in the table presenting the relationships among project components, activities, expected concrete outputs, and the corresponding budgets. If necessary, please refer to the attached instructions for a detailed description of each term.

The program will be implemented through the EDA mechanism and will be executed by calling on national, subnational, and local entities to make project proposals to obtain financial resources that allow them to finance the adaptation activities required to reduce vulnerability and increase their resilience to the climate change of the populations in the coastal communities of the area of influence of the program.

The call for proposals will be restricted to national, subnational, and local entities with a presence and influence in the area covered by the program and that have the experience and capacities required to execute the actions proposed in the projects and that are stipulated in the components of the program. Eligible local entities may be:

- **Representative organizations of indigenous and Afro-descendant peoples.** Includes MASTA, communal and territorial Indigenous councils.
- **Women's organizations.** Includes local and regional women's entities that bring together indigenous and Afro-descendants, women in order to develop productive activities and/or respect their rights.
- **Public entities.** Includes regional Ministries of Natural Resources and Environment, Agriculture, Health, Education, ICF, and COPECO, among others. It also includes municipalities in the program's area of influence.
- **Civil society organizations.** Includes local and regional women's entities that bring together indigenous and Afro-descendant women in order to develop productive activities and/or respect their rights, local community boards and associations.
- **Business organizations.** Includes producers of crops, animals, fish, and/or any economic and/or commercial activity that generates income, especially for low-income people and excluded groups.
- **Non-governmental Development Organizations.** Includes local, regional, national and/or international entities with experience in the execution of development and/or climate change projects in rural communities with the participation of indigenous and/or Afro-descendant populations in Honduras.

It is noteworthy that any local entity that intends to design and execute climate change adaptation projects within the framework of the program must have the endorsement of the community population that will benefit from the program's resources through the implementation of the projects.

Likewise, national public entities that intend to carry out climate change adaptation projects within the framework of the program must use local personnel to carry out actions in the communities who have knowledge of the territory and speak the language of the beneficiary populations. In the event that local personnel cannot be obtained, a written non-objection must be obtained, with prior justification, from the Program's Technical Steering Committee to hire personnel who are not from the program's area of influence.

The EDA Program consists of 4 components, which are described in the table below, including the definition of the expected results and products, as well as the budget proposal for each of the components.

| Components of the Program | Expected Concrete Output. | Expected Outcomes | (US\$) |
|---|--|---|-----------|
| 1. Development of institutional capacities of local entities for the design and execution of adaptation projects. | <ul style="list-style-type: none"> • Milestone 1. Strengthened Local Executing Entities <p>Output 1.1. Local entities obtain their legal status and administrative, financial, and managerial capacities for the management and execution of financial resources within the framework of the execution of climate change adaptation projects.</p> <p>Output 1.2. Local entities have the capacities to develop project proposals to directly access financing for climate change adaptation measures.</p> | Outcome 1. Strengthened the institutional capacity of local entities for the design and implementation of projects that promote the implementation of adaptation measures to climate change. | \$77,000 |
| 2. Review and approval of adaptation project proposals. | <ul style="list-style-type: none"> • Milestone 2. Call for proposals launched. • Milestone 3. Contracts signed with local entities. <p>Output 2.1. Design of the bases of the call to submit project proposals for the implementation of adaptation measures to climate change prepared.</p> <p>Output 2.2. Project proposals for the implementation of approved climate change adaptation measures.</p> <p>Output 2.3. Grant contracts signed with local entities for the execution of climate change adaptation projects.</p> | Outcome 2. Improved governance at the national level for the climate change adaptation financing management process. | \$103,500 |

| | | | |
|---|---|---|--------------------|
| <p>3. Management of EDA Program grants to finance the implementation of climate change adaptation measures in selected communities.</p> | <p>• Milestone 4. Climate change adaptation projects executed by local entities.</p> <p>The focus will be on the following areas:</p> <ol style="list-style-type: none"> 1. Management of coastal zones 2. Resilient Services Infrastructure 3. ecosystems 4. Sustainable agriculture and diversification of livelihoods <p>Depending on the projects to be financed, the following products may be obtained.</p> <p>Output 3.1. Emergency Operations Centers (EOC) at the local and/or municipal level established and equipped.</p> <p>Output 3.2. Build and/or improve the infrastructure of health centers in the project communities in response to the impacts of climate change and its variability.</p> <p>Output 3.3. Build and/or improve the infrastructure of educational centers in the project communities in response to the impacts of climate change and its variability.</p> <p>Output 3.4. Build and/or improve drinking water supply systems and sanitation systems at the level of each home and/or community.</p> <p>Output 3.5. Design and execute strategies and restoration plans for mangroves on the coasts and the lagoon system in the area of influence of the program.</p> <p>Output 3.6. Build and/or restore environmentally compatible dikes and wave break barriers to protect the coast from erosion and flooding</p> | <p>Outcome 3. Reduced national exposure to climate-related hazards and threats.</p> <p>Outcome 4. Increased the adaptive capacity of the health, education, water and sanitation, and drainage systems in the communities targeted by the program.</p> <p>Outcome 5. Increased resilience of mangrove ecosystems in response to stress induced by climate change and variability.</p> <p>Outcome 6. Strengthening and diversification of livelihoods and sources of income for vulnerable</p> | <p>\$3,077,100</p> |
|---|---|---|--------------------|

| | | | |
|---|---|---|--------------------|
| | <p>caused by waves and currents from rivers and lagoons.</p> <p>Output 3.7. Build and/or improve storm drainage systems to reduce the impact of flooding in the communities affected by the program.</p> <p>Output 3.8. Design and implementation of climate-smart agriculture projects oriented towards inclusive markets.</p> | <p>people, focusing on women in the area of influence of the program.</p> | |
| 4. Management and development of knowledge on climate change adaptation measures. | <p>Output 4.1. Adaptation practices, tools, and technologies that are generated, and/or replicated, and/or scaled at the subnational, national, and international levels.</p> <p>Product 4.2. A proposal to scale up the EDA Program prepared.</p> | <p>Outcome 7. Supported the development and dissemination of adaptation practices, innovative tools, and technologies.</p> | \$79,000 |
| 5. Project/programme activities Components Execution Cost | | | \$3,336,600 |
| 6. Project/programme eExecution c Cost (9.50%) | | | \$350,400 |
| 7. Total project/pProgramme eExecution c Cost | | | \$3,687,000 |
| 8. Implementing Entity Fee (8.49%) | | | \$313,000 |
| Total Amount of Funding Requested | | | \$4,000,000 |

Projected Calendar:

Indicate the dates of the following milestones for the proposed program

| Milestones | Expected Dates |
|---|----------------|
| Start of Project/Program Implementation | 07/01/2024 |
| Mid-term Review (if planned) | 06/30/2026 |
| Project/Program Closing | 12/31/2027 |
| Terminal Evaluation | 06/30/2028 |

PART II: PROJECT / PROGRAM JUSTIFICATION

A. *Describe the project / program components, particularly focusing on the concrete adaptation activities of the project, and how these activities contribute to climate resilience. For the case of a program, show how the combination of individual projects will contribute to the overall increase in resilience.*

The program will be executed under the Enhanced Direct Access (EDA) modality, which is why **Calls for Proposals (CFP)** will be made so that local entities can submit their projects that allow them to obtain the financial and technical resources necessary to be able to implement adaptation measures in order to reduce their levels of vulnerability and increase their resilience to climate change. The CFP will be restricted to local institutions such as indigenous and Afro-descendant organizations, Non-Governmental Organizations, community-based organizations such as boards of trustees, women's organizations, excluded groups, groups of producers and micro-entrepreneurs, municipalities, regional offices of government institutions and any other institution that has strong ties with the communities in the project's area of influence and has the technical and financial capacity to carry out projects requested by local communities. The detail of the type of eligible local entity has been defined in the previous section of this program proposal.

The program will promote the presentation of project proposals that fall within the two windows detailed below. These windows may be reviewed and adjusted during the process of review and development of the Call for Proposals as long as the type of investment proposed and the minimum percentage of 60% participation of women in the benefits of the interventions are maintained:

Window 1. Infrastructure resilient to climate change.

| | |
|-------------------------|--|
| Aim | Reduce the vulnerability to climate change of coastal indigenous and Afro-descendant communities, populations, and their infrastructure. |
| Investment Types | <ul style="list-style-type: none">▪ Emergency Operations Centers/shelter centers▪ Conservation and reforestation of mangrove forests▪ Construction and/or repair of barriers, dikes and/or breakwaters.▪ Construction and/or repair of drainage systems in the communities▪ Construction and/or repair of water and sanitation systems▪ Construction and/or repair of health centers and schools |
| Eligible fields | <ul style="list-style-type: none">▪ Training and technical assistance▪ Infrastructure and equipment▪ Operating expenses |
| Scope | <ul style="list-style-type: none">▪ Grant amount between US\$50,000 and 300,000*▪ At least 60% of the beneficiaries are women.▪ At least 90% of the beneficiaries are indigenous and/or Afro-descendants.▪ A project can include several communities.▪ The total amount available for this window is US\$2,000,000.▪ It is expected to finance at least 10 projects for this window.▪ Projects must be executed within a period of 12-30 months. |

*The amount of the resources assigned to each project will be defined by the level of investment required for each project and the execution capacity of each executing local entity.

Window 2. Climate-smart Agriculture and diversification of livelihoods.

| | |
|-------------------------|--|
| Aim | Address the direct or indirect impacts of climate change on agricultural production, food security, and livelihoods of the people most vulnerable to climate change in the program's area of influence. |
| Investment Types | <ul style="list-style-type: none"> ▪ Promotion of agricultural and livestock production ▪ Promotion of family gardens ▪ Productive and commercial enterprises of women, young people, and people with some kind of disability. |
| eligible items | <ul style="list-style-type: none"> ▪ Training and technical assistance services ▪ Infrastructure and equipment for productive activities ▪ Establishment of rural savings banks and seed capital revolving mechanisms ▪ Operating expenses |
| Scope | <ul style="list-style-type: none"> ▪ Grant amount per project between US\$40,000 and 120,000* ▪ At least 80% of the beneficiaries are women. ▪ 100% of the beneficiaries are indigenous and/or afro-descendants. ▪ A project can include several communities. ▪ The total amount available for this window is US\$1,000,000. ▪ It is expected to finance at least 15 projects for this window. ▪ Projects must be executed within a period of 18-30 months. |

*The amount of the resources assigned to each project will be defined by the level of investment required for each project and the execution capacity of each executing local entity.

In total, it is expected to finance a minimum of 25 projects for a total investment of US\$3,000,000. The projects will be disbursed and executed in a maximum period of 30 months. The program will have 4 complementary components. The first component will work on developing and strengthening the capacities of local entities to design and execute climate change adaptation projects. The second component will carry out the selection and approval process for adaptation projects submitted by local entities. The third component will make disbursements and project execution. Finally, in the fourth component, the development and management of knowledge on adaptation measures to climate change and its dissemination will be promoted. Likewise, based on this generated knowledge, a Profile for a broader program will be prepared that allows the replication and scaling of the program.

mandate of the local communities to carry out proposal on their behalf. The pre-selection of eligible entities will be carried out through, at least, the review of the following elements:

- a. Organization and legal framework
- b. Organizational structure and culture
- c. Financial and accounting management capacity
- d. Ability to carry out procurement processes and bidding for goods and services as well as for the execution of projects.
- e. Experience in the design and execution of projects and/or programs that achieve the effective participation of women in the benefits of the project.
- f. Representation and connection with the local communities where the entity intend to execute the project.

The selection of the entities will be made through the application of an evaluation of the financial management capacities in order to determine the level of capacities that the local entities have to design and execute projects with external financing sources. To carry out said evaluation, the program team will prepare a tool that will be applied after its approval by the Technical Steering Committee (TSC) of the program, which must include at least the following elements:

1. Organization and legal framework
2. Organizational structure and culture
3. Financial management
4. Procurement policies and procedures.
5. Management of projects and programs

The document to carry out the evaluation of each local entity can be found in annex 1.

Based on the results of the evaluation, the entities will be classified into three categories.

- **Eligible entities.** These are the entities that have demonstrated through the evaluation that they have the minimum capacities required to execute projects under the EDA program.
- **Entities with potential to be eligible.** These are the entities that have demonstrated that they have most of the capabilities required to execute projects under the EDA program and that, with a capacity building plan, can achieve such accreditation in the short term.
- **Ineligible entities.** These are the entities that have not been able to demonstrate that they have the minimum capabilities or the potential to acquire them in the short term. These entities will be recommended to join with entities that are eligible so that they can carry out the formulation and execution of the projects that their communities require.

In summary, the program will be able to continue working with the entities that, as a result of the evaluation, are eligible and/or have the potential to be eligible to receive financing from the EDA program for the execution of climate change adaptation projects.

For each of these entities, the program will develop a capacity building plan with the objective of filling the capacity gaps identified in the evaluation, as well as ensuring that they have the necessary knowledge and capacities to ensure compliance with fiduciary standards, the environmental and social policy, and the gender policy of the Adaptation Fund.

1.2. Implementation of the institutional development plans of the entities.

The implementation of the institutional development plans of the entities will be carried out with the support of the project staff and/or the contracting of specific specialized consulting services for the execution of the plan. As part of the plan, training activities will be included to ensure that the entities manage and are capable of applying the gender policy and the environmental and social policy of the Adaptation Fund, as well as the transfer of tools and capacities for the incorporation of gender in activities and benefits of the project.

1.3. *Monitoring and evaluation of the execution of institutional development plans.*

The monitoring and evaluation of the execution of the development plans will be carried out by the project team in order to guarantee the development of analyzes that allow the identification of lessons learned to guide the program execution process.

This component will be executed by ASONOG.

Component 2. Review and approval of adaptation project proposals.

Execution of this component will allow the selection, review, and approval of adaptation project proposals submitted by local organizations to receive financing with program resources. Through the execution of this component, the design of the bases of the call to present project proposals for the implementation of adaptation measures to climate change will be carried out. The bases must be very explicit that the projects must ensure a high participation of women in the activities and benefits. Once the concept note proposals and project proposals have been received, they will be reviewed and evaluated based on a series of criteria defined for this purpose. Once the project proposals are approved,

The following stages will be developed for the execution of this component:

2.1. *Preparation of the process for the call to submit proposals for project concept notes.*

The program team will prepare all the necessary documentation for the Call for Proposals including a detailed explanation of the entire process, selection criteria for the selection of concept notes for projects and local executing entities, regulations, manuals, procedures, formats , as well as information on all policies related to compliance with fiduciary standards and environmental and social safeguards of the Adaptation Fund required throughout the process of identification, design, evaluation, approval and implementation of project proposals. The Secretary of Natural Resources and Environment (SERNA) will take advantage of the experience it has in the execution of similar programs such as the Adaptar C+ Program, which is executed with UNDP and financed with resources from the Global Environment Fund. Likewise, the experience of CASM and other entities such as AeA will be capitalized in the execution of the PRAWANKA Program, which is executed jointly with CASM with financing from COSUDE.

2.2. *Launch of the call for local entities to submit proposals for project concept notes under this program.*

Once all the documentation required to carry out the launch is available, including its approval by the Strategic Steering Committee (SSC) of the program, the Launch of the Call for the presentation of proposals for project concept notes will proceed under the EDA Program. The

conditions for the Call will be the following:

- a. The participation of eligible local entities that have previously been identified and trained in component 1 will be promoted. This includes municipal governments, local and/or national NGOs with a mandate to work in the region, grassroots organizations, local government institutions,
- b. The focus will be on the application of climate change adaptation measures prioritized in the NDC in the sectors of Coastal Zone Management, Sustainable Agriculture and livelihoods, Management and Restoration of Mangrove Ecosystems, and resilient infrastructure in indigenous and Afro-descendant coastal communities of the municipalities of Juan Francisco Bulnes and Brus Laguna.
- c. The design and execution of the subprojects must comply with the policies and procedures of the Adaptation Fund in relation to the application of fiduciary standards, environmental and social policy, and the gender policy of the Adaptation Fund, as well as compliance with the legislation and local and national technical standards.
- d. Project proposals must guarantee the active participation of women in project activities and, above all, ensure that they access to the benefits the projects will deliver.

The launch will be done through a public event where all communities and local entities in the area of influence of the program will be invited. All the bases of the call will be available in digital format on a website of the program and physically at the offices of the municipalities of Brus Laguna and Juan Francisco Bulnes, the local office of the program and any other place that is convenient and indicated. Likewise, the technical team of the project will carry out at least one promotional event in each of the communities in the area of influence of the project in order to motivate the participation and preparation of projects by local entities.

The package that each local entity will present must include at least the following:

1. Documentation of the Entity. Information that demonstrates legal, technical, and financial capacity to execute climate change and/or development projects.
2. Project Concept Note Document. Technical and financial information on the design of the project, including details on the implementation arrangements, consultation process, gender assessment, and any other information required in accordance with the template the Program will develop for this purpose following the example included in Annex 2.

2.3. Evaluation of project concept note proposals.

Once all the Concept Note proposals have been received, a review (check list) will be carried out to confirm that the packages are complete and include all the required information. Proposals that do not provide all the required information and/or submitted outside the call deadline will not be evaluated. Once the integrity of each of the proposals received has been confirmed, a preliminary evaluation will be carried out based on the evaluation criteria defined for said purpose.

The evaluation of the concept note proposals will be carried out by the Technical Steering Committee of the program, which will be made up of representatives of CASM, PCO-SERNA and ASONOG. The evaluation will be carried out on two levels.

- a. Fiduciary Capacity of the Local Entity. The minimum eligibility criteria would be the following:
 - a. It has valid legal status and is up to date with the fulfillment of its legal obligations.
 - b. Has proven experience in executing projects of at least two years for NGOs. If it is a base entity, the requirement is reduced to one year.
 - c. The entity has the capacity to manage funds.
- b. Project Eligibility. The minimum eligibility criteria are as follows:
 - a. Potential impact on climate change adaptation.
 - b. Potential to generate additional economic, social, and environmental benefits.
 - c. Alignment with the policies and strategies, plans and commitments of the country, as well as national legislation.
 - d. Alignment with environmental and social policy and gender policy of the Adaptation Fund.
 - e. Participation of women in project activities and in the benefits generated by them.
 - f. Value for Money. Efficiency and effectiveness of project actions to achieve its results.

The local entities that have submitted the concept notes that meet the minimum criteria and that have the minimum capacities for financial management will be invited to prepare a complete proposal and will receive technical assistance from the program to accompany the process of preparation of the concept notes as well as support in carrying out studies that are required as part of the formulation of the project proposal.

Once the preliminary evaluation of eligibility has been carried out, the PCO-SERNA will send a formal invitation to the entities that have passed the preliminary evaluation of eligibility to submit a complete project proposal.

2.4. Preparation of Complete Project Proposals.

Local entities that have received the invitation to prepare the complete proposal will have a maximum of 3 months to prepare and submit it for approval by the program. The program will provide specialized technical advice required to support the proposal preparation process, including support in the generation of relevant information for the preparation of the proposal, such as the development of consultation processes with interested parties, gender evaluation and evaluations of risks and vulnerability, among others to ensure compliance with AF's Environmental and Social Policy as well as Gender Policy.

The technical support for the preparation of the proposals, including the development of specific studies, will be provided to the local entities by ASONOG directly through its staff or through the hiring of consultants and/or specialized firms in the required topics.

Since the projects are not yet identified, they may include various adaptation measures that help coastal communities increase their resilience to climate change. Table 5 below shows a detail of some types of projects and activities that could be financed by the Program and that have been validated with the communities during the consultation process carried out as part of the program design process.

Table 5. Types of adaptation projects and activities that the EDA Program could finance.

| Project Type | Example of activities that could include |
|---|---|
| Establishment of Emergency Operations Centers (EOC) at the local and/or municipal level established and equipped | <p>Training of personnel for the operation of the Emergency Operations Centers/shelter centers.</p> <p>Awareness activities for the general population to prepare for floods caused by tropical storms and hurricanes.</p> <p>Installation and temporary maintenance of communication equipment, transportation, water ambulance with basic equipment for emergency care, etc.</p> <p>Construction, equipment, and temporary maintenance of shelter centers, including access to energy, water, sanitation, kitchen, special and adapted areas for children, young people, people with special abilities, the elderly, etc.</p> |
| Construction and/or improvement of the infrastructure of health centers in the project communities in response to the impacts of climate change and its variability. | <p>Improvement and/or construction of a health center with materials and/or design that reduce its vulnerability and increase its resilience to winds and floods caused by climatic events.</p> <p>Improvement and/or provision of water, sanitation and energy services that resist any effect of winds and floods and that increase the possibilities of being operational, during, before and after an emergency.</p> <p>Equipment of cold systems and/or equipment with basic medical equipment that guarantees the sustained operation of health centers at all times.</p> |
| Construction and/or improvement of the infrastructure of educational centers in the project communities in response to the impacts of climate change and its variability. | <p>Improvement and/or construction of educational centers with materials and/or design that reduce their vulnerability and increase resilience to winds and floods caused by climatic events.</p> <p>Improvement and/or provision of water, sanitation and energy services that resist any effect of winds and floods and that increase the possibilities of being operational, during, before and after an emergency.</p> |
| Construction and/or improvement of drinking water supply systems and sanitation systems at the level of each home and/or community. | <p>Technical and financial feasibility studies for the design, construction, operation and maintenance of drinking water and sanitation systems at the level of individual and/or community solutions.</p> <p>Improvement and/or construction of drinking water and sanitation systems at the level of individual and/or community solutions</p> <p>Establishment of collection systems and sanitation systems at the family and/or community level.</p> |
| Design and implementation of | Identify and select mangrove areas to conserve and restore. |

| | |
|---|---|
| strategies and restoration plans for mangroves on the coasts and the lagoon system in the area of influence of the program. | <p>Assess the vulnerability of mangroves to climate change and variability.</p> <p>Design and execute mangrove restoration and reforestation plans, promoting community participation.</p> |
| Construction and/or restoration of dikes and wave-breaking barriers that are compatible with the environment to protect the coast from erosion and flooding caused by waves and the currents of rivers and lagoons. | <p>Technical and financial feasibility studies for the construction and/or restoration, operation and maintenance of dikes and breakwater barriers.</p> <p>Restoration and/or construction of dikes and breakwater barriers.</p> |
| Construction and/or improvement of storm drainage systems to reduce the impact of flooding in the communities affected by the program | <p>Technical and financial feasibility studies for the construction and/or improvement, operation, and maintenance of storm drainage systems in the communities.</p> <p>Construction and/or improvement of storm drainage systems in the communities</p> |
| Design and implementation of climate-smart agriculture projects oriented towards inclusive markets | <p>Climate-smart agriculture projects in crops on the banks of rivers and/or in the plains. It may include, among others, the establishment of protected agriculture projects, irrigation systems adapted to the area, seeds resistant to droughts and/or extreme floods, among other feasible adaptation measures with a high probability of success.</p> <p>Business projects of various kinds that allow diversifying and increasing the income of the most vulnerable people such as single women, young people and the disabled. This may include the development of any business activity that generates and/or increases the income of vulnerable people and thus reduces their vulnerability to climate change.</p> <p>Design and implementation of training and technical assistance programs that promote the implementation of adaptation measures to climate change in their productive activities on the banks of rivers and/or plains, as well as the development of ventures for vulnerable groups that promote diversification livelihoods and sources of income. These programs will support the development of business, financial, technical and climate change adaptation capacities of the relevant stakeholders in the program's area of influence.</p> |

| | |
|--|---|
| | Design and implementation of financing mechanisms such as seed capital, rural savings banks, among others that facilitate investment by vulnerable groups in productive infrastructure, equipment, and working capital for the implementation of adaptation measures to climate change and/or investment in activities income generation that contributes to their food security. The implementation of these mechanisms will make it possible to leverage the investments required by the people of the communities for their business initiatives and for the implementation of adaptation measures required to increase the resilience to climate change of their productive activities. |
|--|---|

It is noteworthy that the projects must guarantee the participation of at least 60% of women in them. This percentage may increase according to the type of window to which it is applied.

2.5. Technical evaluation of full project proposals.

The technical evaluation of the full project proposals will be done through a Technical Steering Committee that will be made up of CASM, PCO-SERNA and at least three independent experts. ASONOG will participate in the committee for any clarification on the proposals presented and will not have the right to vote since they will have been part of the process of preparing such and therefore there would be a potential conflict of interest. The PCO-SERNA will act as secretariat of this committee and will prepare a report on the evaluation of each proposal including its recommendation on the approval or not of each proposal to be submitted to the Program's Strategic Steering Committee for its approval. Full project proposals will be evaluated according to the following criteria:

- **Impact Potential.** This criterion will evaluate the impact potential that the project proposal has to generate a concrete and measurable impact in increasing the resilience and/or reducing the vulnerability of communities and their inhabitants to climate change.
- **Potential to generate additional economic, social, and environmental benefits.** Will evaluate the potential of the project to generate tangible and measurable economic, social, and environmental benefits in the target population of the project.
- **Alignment with the policies and strategies, plans and commitments of the country, as well as national legislation.** Through this criterion, it will be guaranteed that the adaptation measures proposed in the project are aligned with the adaptation measures proposed in component 3 of the program and therefore aligned with the policies, strategies, plans and international commitments and legislation of the country in terms of climate change adaptation.
- **Alignment with the environmental and social policy and gender policy of the Adaptation Fund.** All project proposals must ensure that their activities are aligned with the environmental and social policy, as well as the gender policy of the Adaptation Fund and that it has the necessary mechanisms and tools to guarantee compliance during the execution of the project.
- **Value for Money.** This criterion evaluates the profitability of the investment to be made in the financing of the project. Specifically, the efficiency and effectiveness of the interventions proposed in the project will be evaluated.
- **Inclusion of women.** Through this criterion, it will be guaranteed that women have effective access to the activities and benefits generated by each of the projects. Specifically, it is

expected that at least 60% of the project beneficiaries will be women. This percentage may increase according to the window to which the project accesses resources.

An evaluation matrix with each one of the evaluation criteria and weight to carry out the selection of project proposals that will receive financing from the program will be prepared and approved by the Program's Strategic Steering Committee at the beginning of the program.

2.6. *Due Diligence of local entities.*

After the evaluation of the project proposals by the Technical Steering Committee and before sending it for approval by the Strategic Steering Committee, a review process (due diligence) will be carried out on the required institutional capacities of the entities that the technical steering committee will submit to the Strategic Steering Committee for the approval of financing for the execution of the project. This due diligence process will include, among others, the evaluation of the managerial, financial, administrative, accounting and procurement capacities of the entities.

2.7. *Approval of the proposals by the Strategic Steering Committee of the program.*

The Program's Strategic Steering Committee will meet to discuss the approval of the complete proposals that have been submitted by the Technical Steering Committee for approval. The Technical Steering Committee will present to the Strategic Steering Committee a document containing a technical evaluation of each project proposal, a due diligence of the local entities that will execute the projects and a recommendation for approval or not of the proposal including conditions, in if there are any, for the approval of the proposals. The Strategic Steering Committee may or may not approve the proposals submitted by consensus or vote when there is no consensus. Likewise, the Committee may include additional conditions to approve a proposal if it deems it necessary. The conditions that are included should always be linked to the disbursement plan. The decisions of the Strategic Steering Committee are final; therefore, they are irrevocable and unappealable.

2.8. *Negotiation of contract conditions and conditions prior to signing.*

Once the proposals have been approved by the Strategic Steering Committee, the process of negotiating the contract with the local executing entity will begin, as well as compliance with the prerequisites and preparation of the necessary documentation for the signing of the contract.

2.9. *Contract signing.*

The signing of the contracts will be between PCO-SERNA and the local executing entity. The execution of this component will be under the responsibility of the PCO-SERNA and for the same will coordinate closely with CASM and ASONOG all the activities of the component.

The selection and approval process for project proposals can be described in Figure 10.

Any proposal that does not pass any of the steps indicated in Figure 11, may be evaluated again, after making the adjustments required by the corresponding instances. In the event that a proposal does not go through some of the steps indicated above and the corresponding instances indicate that it does not have the potential to be approved, even if they make adjustments to it, it will be communicated to the corresponding entity at the appropriate time.

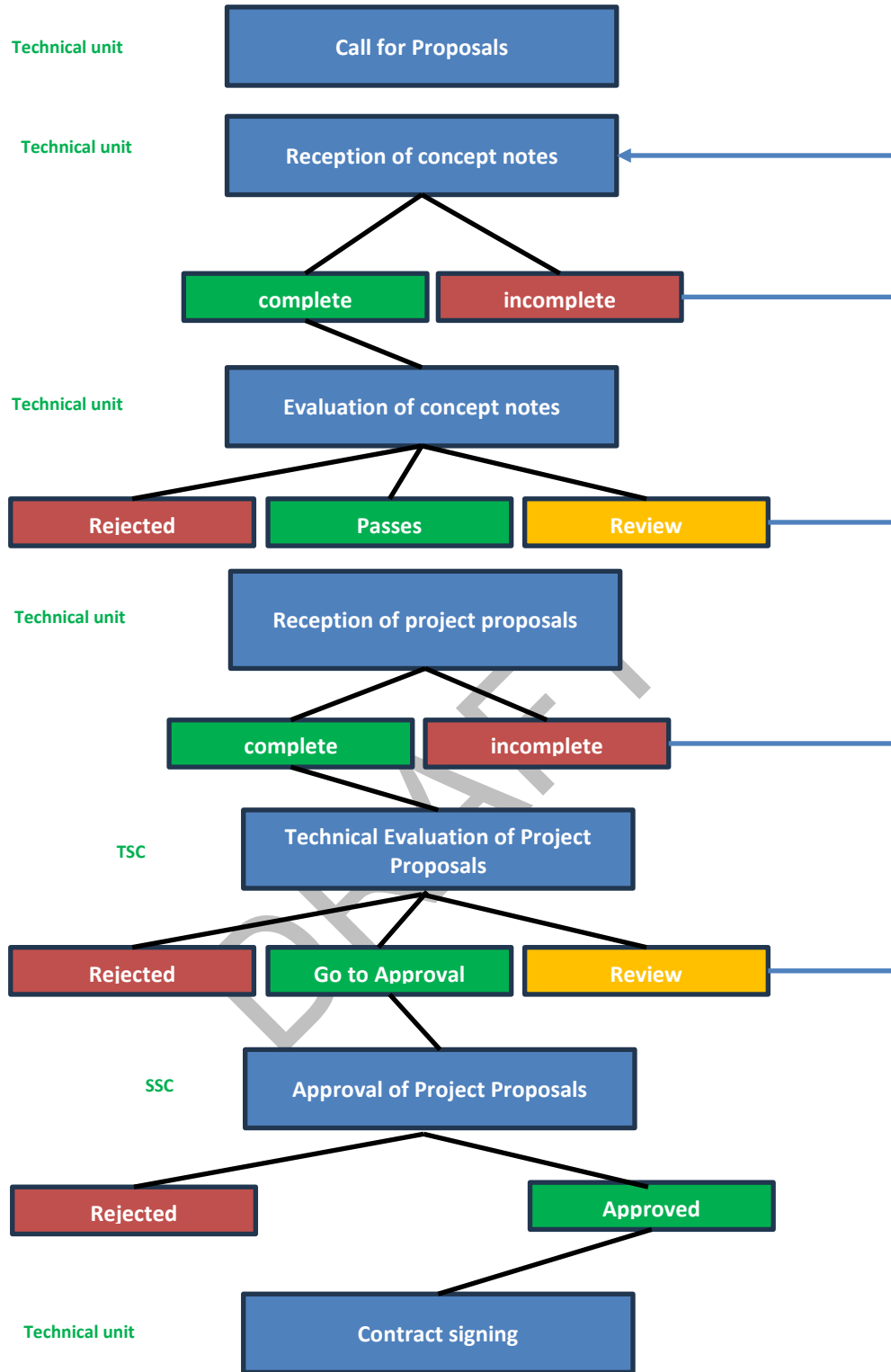


Figure 11. Description of the proposal evaluation process

Component 3. Management of EDA Program Grants to finance the implementation of climate change adaptation measures in the selected communities.

This component is essential since through its execution concrete investments will be made in adaptation measures in the coverage area of the program with the participation of local entities.

The general responsibility for the execution of this component will be under the responsibility of the PCO-SERNA, which has the expertise and installed capacity required in administrative, financial, programming, monitoring, and project evaluation processes. Likewise, SERNA will have timely technical support from ASONOG to provide technical support to local executing entities in the execution of their projects.

In addition, it will have the specialized support of CASM as the national implementing entity in monitoring the technical and financial execution of the Program, as well as advice on compliance with fiduciary standards, environmental and social policy, and the gender policy of the Adaptation Fund, preparation of technical and financial reports and support in solving any problem that requires a response from the Adaptation Fund.

The following activities will be carried out for the execution of this component.

3.1. *Execution of disbursements to projects.*

Once the contracts for the execution of the projects have been signed, disbursements will be made to the projects in accordance with the disbursement plan agreed in each contract for each project. The disbursement plan will vary according to the type of project to be financed; however, it is expected that they will be aligned as follows:

1. First disbursement. Up to a maximum of 20% of the contract amount no later than 15 days after signing the contract and upon compliance with any condition linked to the first disbursement.
2. Subsequent disbursements will only be made when at least 80% of the previous disbursement has been executed and justified to the satisfaction of PCO-SERNA, and compliance with the project's technical and financial reports is up-to-date, and the project is not pending delivery of any documentation of a technical and/or financial nature.

3.2. *Follow-up on the execution of the financed projects.*

Project execution will begin once disbursements begin. The execution of the projects will include technical assistance activities by the program to support the strengthening of the execution capacities of the subprojects of the local entities.

3.2.1. Technical assistance to local executing entities. In order to ensure a standard execution process and compliance with environmental and social policies and safeguards, as well as the gender policy of the Adaptation Fund. The program will provide specialized technical assistance to each of the local executing entities. Technical assistance will have two modalities.

- a. Development of basic capacities. This modality will be carried out with all local entities in order to guarantee a standard execution process and compliance with environmental

and social policies and safeguards, as well as the gender policy of the Adaptation Fund. Modality will include, among others, the following topics:

- a. Financial management
- b. Technical and financial reports
- c. Project management and monitoring and evaluation of projects.
- d. Procurement processes
- e. Application of the Environmental and Social Policy of the Adaptation Fund
- f. Application of the Gender Policy of the Adaptation Fund.

b. Tailored Capability Development. This modality proposes the provision of training services and technical assistance on an individual basis and will focus on improving specific technical capacities at the technical level on issues of climate change adaptation with the aim of supporting the project implementation process by the local executing entities. These capacity development actions, and their respective budget must be included in the project approved for the local executing entity as a separate component.

3.2.2. Monitoring of project execution. Once the execution of the projects has begun, activities will be carried out to monitor its execution and to be able to make the required changes in case of deviations in its execution. The basis for monitoring and evaluating the projects is the logical framework of the project, where the indicators agreed between the parties, and which are aligned with the Program are defined.

The process of M&E will include quarterly technical and financial reporting based on standard formats developed for this purpose. These reports will be the basis for the executing entities to inform the implementing entity and this in turn informs the Secretariat of the Adaptation Fund. Special emphasis will be placed on ensuring that outcomes disaggregated by sex, ethnicity, and age are achieved as well as the compliance with AF's environmental and social safeguards.

3.3.3. Intermediate evaluation. Halfway through the evaluation period, the PCO-SERNA will carry out an intermediate evaluation of each one of the projects. The evaluation will include a review of the progress in the technical and financial execution of the project, as well as a review of the level of satisfaction of the final beneficiaries with the outcomes of the project. Based on the results of the evaluation, a midterm evaluation report will be prepared that will include the main findings and/or deviations in the project roadmap, a discussion on lessons learned and improvement actions and/or adjustments that have been agreed to be carried out in the execution of the project. In the event that the proposed adjustments to the project as a result of the midterm evaluation process are material in terms of budget and scope in compliance with the project's products and indicators, these changes must be reflected in the contract,

3.3.4. Project closure. Project closure is done once all technical activities and disbursements have been completed and technical and financial reports have been prepared and delivered. The closure of the projects will be ensured upon the delivery of all the technical and financial reports of the project, as well as an external audit of the project, if applicable, in accordance with the guidelines of the program on this matter.

3.3.5. Final Evaluation of the Program. At the end of the execution of the project, a final evaluation of the impact of the project must be carried out.

This component will be executed under the responsibility of PCO-SERNA with contributions from ASONOG and CASM when required.

Component 4. Management and development of knowledge about the execution of the Program

The execution of this component will focus on the generation, exchange, and systematization of knowledge on the implementation of adaptation measures to climate change through the direct access modality in order to contribute to the empowerment of local and national actors in the prevention of climate risks and the implementation of adaptation measures to climate change.

4.1. National/international exchange workshops on the implementation of climate change adaptation measures

The program will organize and implement at least one workshop to exchange experiences on the implementation of adaptation measures to climate change that are applicable to coastal communities in the area of execution of the program. The exchange will support the communities in the identification of adaptation measures that are feasible to execute in their communities and, based on this, will support the preparation of their project proposals to obtain financing from the Program.

4.2. Knowledge exchanges between local executing entities on the implementation of adaptation measures in the area of influence of the program.

Once the projects are in full execution, exchange events will be promoted between the communities so that experiences on the execution of the different adaptation measures that are being carried out can be shared. These events will promote the exchange of knowledge on the application of adaptation measures between the different communities and promote their adoption.

4.3. Systematization of Case Studies on experiences and lessons learned from the EDA program.

Based on the results of the exchanges of experiences between the communities and complemented by the follow-up and documentation of the implementation of the most innovative and successful adaptation measures, the program will generate case studies in order to systematize the knowledge generated as part of the implementation of the project on the tools and technologies applied, such as the development of models where special emphasis is placed on the role of women and other excluded groups.

4.4. Design and execution of a communication strategy for the EDA program

From the beginning of the implementation of the program, a communication strategy will be designed that will be executed during the entire period of execution of the program. The objective of the strategy will be to communicate about the relevant activities and results of the execution of the program at the local, national, and international level. Through this strategy, info graphics, press releases, articles, videos, posters, interviews, and any other

communication product that promotes the visibility of the results and the impact of the program will be created.

The communication strategy will be implemented using different communication channels which will be defined based on the target population to which the message is to be communicated. Within these channels, radio, television, newspapers, YouTube, and all social networks can be used, as well as the organization of online webinars through platforms such as Zoom, Teams, Facebook Live, among others.

At the beginning of the implementation of the program, the terms of reference for the development of this activity will be developed, which will be approved by the Technical Steering Committee of the Program.

4.5. EDA program scaling proposal.

The knowledge generated during the implementation of the program on practical tools and innovative technologies for climate change adaptation, as well as management and/or implementation models with the participation of Garifuna and Miskitu communities and the effective inclusion of women will be used by the program to generate a proposal that allows replication and scaling at the level of the entire territory of the Muskitia.

This component will be executed under the responsibility of ASONOG.

B. Describe how the project / program provides economic, social, and environmental benefits, with particular reference to the most vulnerable communities, and vulnerable groups within communities, including gender considerations. Describe how the project / program will avoid or mitigate negative impacts, in compliance with the Environmental and Social Policy and Gender Policy of the Adaptation Fund.

Taking into account the high level of economic and social exclusion of the region and of the indigenous and Afro-descendant populations that live in the area of influence of the program, the execution of the program under the Direct Access modality will generate tangible economic, social and environmental benefits and intangibles in the most vulnerable communities and populations, especially women, youth, boys and girls, and older adults of the Miskitu, Garifuna, and Pech ethnic groups in the Program's area of influence.

The execution of the projects within the framework of the program will provide economic, social, and environmental benefits, especially to the most vulnerable people in the communities.

At this time, the economic, social, and environmental benefits cannot be quantified because the projects have not yet been identified due to the fact that the program will be developed under the EDA modality and therefore the identification and quantification of the economic, social and environmental will be carried out at the time of designing each project to be financed by the program. To this end, during the formulation process of each project, the program will provide local entities with the required technical support. In this sense, each of the projects must include a baseline and specific goals broken down by sex, ethnicity and age to be achieved for each of the following relevant indicators for each project:

Indicators related to economic benefits.

- # of new enterprises established in the communities disaggregated by sex, ethnic group and age.
- # of people who increase their income disaggregated by sex, ethnic group and age.
- # of families that reduce their expenses to attend to damages caused by emergencies during a flood.
- % reduction in crop and animal losses after a flood.

Indicators related to social benefits.

- # of families that do not have food security problems before, during and after a flood.
- % reduction in sick people disaggregated by sex, ethnicity, and age due to diseases caused by vectors and water contamination after a flood.
- # of families that have access to permanent water and sanitation services.
- # of days of classes received by young people, boys, and girls per year.
- % reduction in people displaced by floods
- # reduction in families losing their belongings due to flooding.

Indicators related to environmental benefits.

- # of hectares of mangroves restored and/or conserved
- # of meters of breakwater barriers built
- # of people benefited by the construction of drainage systems in their communities.

Below are some of the economic, social, and environmental benefits that are estimated to be obtained with the implementation of each of the projects financed by the program.

Economic benefits.

The economic benefits will be obtained by:

- Increase in economic and commercial activity in the program's area of influence due to the flow of resources that will be injected into the local economy to finance program activities.
- Creation, diversification and strengthening of income-generating activities in the communities, especially for the most vulnerable and excluded populations such as women, youth, the disabled and the elderly.
- Increase in the income of the most vulnerable populations (women, young people, the disabled and the elderly) as a consequence of the establishment, diversification and strengthening of sources of income.
- Reduction of expenses to attend to the damages caused by floods at the household, crop and health level.
- Increased food security for vulnerable groups (women, youth, boys, girls, the disabled, and the elderly) before, during, and after emergencies caused by climate change events.

Social benefits.

The social benefits that will be obtained will be the following:

- Reduction of vulnerable people (women, youth, boys, girls, the disabled, the elderly) with food security problems.
- Reduction in the number of women who engage in prostitution for money, especially in Miskitu communities.

- Improvement in the access and quality of water, sanitation, drainage, and education services for vulnerable people (women, young people, boys, girls, the disabled and the elderly).
- Reduction of people with diseases caused by vectors and water contamination after a flood.
- Reduction of health problems caused by water pollution and by vectors.
- Greater protection of human lives and property by establishing evacuation systems and building safe and functional shelters during floods.
- Strengthening of local capacities to manage climatic events.

Environmental benefits.

The environmental benefits that will be obtained will be the following:

- Protection of communities on the coasts to floods.
- Conservation and increase of biodiversity.
- Reduction of salinization of freshwater
- Protection of the mangrove ecosystem.

It is noteworthy that one of the key criteria for the evaluation of the proposals for adaptation projects that will be presented by the local executing entities is the potential that the project has to provide economic, social, and environmental benefits, therefore each of the projects must include indicators with their baseline and specific targets for economic, social, and environmental benefits.

Environmental and Social Safeguards

The program will guarantee compliance with environmental and social safeguards through the implementation of an Environmental and Social Management Framework (ESMF) that will be developed for this purpose based on the Environmental and Social Policy and the Gender Policy of the Adaptation Fund.

All local entities executing adaptation projects within the framework of the program must carry out an evaluation of their projects in follow-up to the ESMF of the program in order to carry out the environmental and social risk classification of each of the projects from the stage of concept note. The evaluation of the projects will result in any of the following categories of environmental and social risk.

- Category A. In this case, the project is not eligible since the program will not finance projects of environmental and social category A.
- Category B. In this case, the local executing entity must prepare and submit an Environmental and Social Assessment Study as part of the project documentation, including a mitigation and management plan for the identified environmental and social risks.
- Category C. In this case, it is not necessary to prepare an environmental and social evaluation study.

Only category B and C projects may be financed with program resources; category A projects are not eligible.

In order to guarantee that the projects identified, financed, and implemented comply with the Environmental and Social Policy and the Gender Policy of the Adaptation Fund, additional

activities have been included in the EDA program to ensure compliance with both policies as described sample below.

In component 1, strengthening of local entities, actions will be developed that allow local entities to understand and manage the fiduciary requirements and environmental safeguards of the Adaptation Fund.

In component 2. Within the framework of the call for proposals, among the documents to be completed, is the evaluation of environmental and social risks for one of the projects to be presented to request financing. Likewise, during the process of supporting local entities in the formulation of their project proposals, the program will train local entities on the evaluation of environmental and social risks in their projects, as well as the development of a plan of mitigation measures. In this sense, during the evaluation process of the project proposals, it will be guaranteed that each project complies with the environmental and social policy and the gender policy of the Adaptation Fund.

Finally, in component 3. during the execution of the projects, the program will provide local entities with training and technical assistance, as well as adequate monitoring of the implementation to guarantee compliance with the environmental and social safeguards of the Adaptation Fund.

Gender considerations.

The Global Gender Gap Index published in June 2023 indicates that in Honduras, at the national level, the gender gap is still high and although there has been some progress, there is still much to do to achieve gender parity. Unfortunately, when we analyze the situation of women in the Miskitu, Pech and Garífuna communities in the program's area of influence, and although there are no structured studies on this matter, we can easily realize that the gender gap is enormous and much greater than the national average of 0.735 (World Economic Forum, 2023), since the responsibility for feeding and caring for the family falls mainly on women and the impact of floods, hurricane winds on agriculture, health, animals, people, water and sanitation infrastructure, schools, mainly affects women and the people who depend on them such as children, young people and older adults. Therefore, they are the people most vulnerable to the effects of climate change and the actions of the program will be aimed at reducing their vulnerability and providing them with the necessary tools that allow them to increase their resilience to climate change.

Taking this reality into account, the program will prioritize its investments in Garífuna, Pech and Miskitu women, as well as in young people, children, and older adults under the responsibility of women. To achieve this, several actions have been included as part of the implementation of the EDA program that are detailed below.

Impact indicator.

The focus of the program's investments will be on women. In this sense, the program will have a positive impact on indigenous women in the program's area of influence, as well as on young

people, boys and girls, and older adults, for which at least 60% of the beneficiaries of the program will be indigenous women.

To ensure compliance with this approach, each project proposal approved to be financed with program resources must have a gender action plan, a baseline, and indicators with specific goals broken down by gender, ethnicity, and age.

Component 1.

Activities to promote the program will be carried out ensuring that there is a high level of participation by women, youth, children, and the elderly. To achieve this, promotion will be carried out by coordinating with the women's groups organized in the communities and using the most appropriate communication channels to reach said population. Likewise, the promotional activities will be carried out considering the most appropriate hours to ensure the participation of women and the space conditions and necessary arrangements will be provided so that women can attend said meetings with the participation of their minor children.

During the process of strengthening the local executing entities, the participation of at least 60% of women will be ensured, training will be provided on the inclusion of the gender approach in the design and execution of projects, and training will be provided on the policy guidelines of the Adaptation Fund.

Component 2.

The call will be explicit in the requirement of the policies of the Adaptation Fund, including the gender policy. On the other hand, one of the main indicators for the evaluation of concept notes and complete project proposals is the inclusion of at least 60% of women as part of the project beneficiaries. In this sense, in addition to including mostly women as project beneficiaries, projects must include activities that take gender differences into account and therefore ensure effective participation of women in the benefits generated by the projects.

Component 3.

Through its monitoring and evaluation system, the program will guarantee that the necessary conditions are in place for women's participation and that they are effectively accessing the benefits of the projects.

Component 4.

For knowledge exchange events, it will be guaranteed that at least 60% of women participate. Likewise, during the systematization of the case studies, special emphasis will be placed on exposing the role of women in each of the cases. On the other hand, during the design and execution of the program's communication strategy, it will be ensured that the appropriate messages and information channels are used to guarantee women's timely access to information. Finally, the program will ensure that the lessons learned about the role of women

and their access to the benefits of climate change adaptation projects are taken into consideration for the design of the program's scaling proposal.

A Gender Assessment is provided including a Gender Action Plan in Annex 5 of the proposal document.

C. Describe or provide an analysis of the efficiency related to the costs of the project or program proposed.

The analysis of efficiency related to the costs of implementing the program will be done considering the following options.

Option 1. Program under the direct access mechanism (EDA)

Option 2. Project in the traditional manner.

The analysis has been carried out taking into account the following criteria.

Program operating costs.

Through the EDA program, the operating costs of the program are low, since through a small team investment are catalyzed in each one of the projects, which are executed at the local level by local entities and with a high participation of the local population in the definition of the project and in the monitoring of the execution through the social audit that is expected to be carried out by the communities.

The operating costs through a program executed by one or several institutions require a more extensive technical team of the program and therefore more expensive in terms of financial resources and time.

Empowerment of communities

Through the EDA program, the communities participate actively and effectively throughout the project cycle, from its conception, its execution, monitoring, and evaluation of its results. In this way, communities are empowered and ensure that the results of the program respond effectively to the needs of the program's target populations.

In the case of a program executed in the traditional manner, the participation of the communities is less direct and therefore their level of involvement in the design and execution of program activities is lower compared to the direct access mechanism, thus reducing the level of empowerment and ownership of the program and its results.

Investment sustainability

Given that the empowerment of the communities in making decisions about the actions of the program is greater, there is a greater appropriation of the project and its results, so it is much more feasible that the project will be more sustainable over time since the communities Locals will be more willing to promote the actions of the program/project after the project management team has left.

In the case of traditionally executed programs/projects, local communities tend to have a more passive role and therefore their level of involvement in activities that enable and promote the sustainability of the project/program after the management team leaves tends to be lower and with a decreased level of appropriation of the results of the program/project and therefore less interest in getting involved in the sustainability of the results and actions of the project.

Conclusions

Greater local investment. Based on the analysis carried out above, the implementation of the Program under the direct access mechanism has a lower execution cost, therefore, the resources available for concrete investments in adaptation measures in the communities that benefit the target population of the program will be greater and the impact will be greater.

Greater empowerment of communities and their populations. The direct access mechanism promotes a greater empowerment of the populations and, therefore, the investments made are more aligned with the real needs of the target populations with greater control of the populations over the delivery of results and benefits expected from the project.

Greater sustainability of investments in the long term. As there is a greater empowerment of the target populations regarding the results and benefits of the projects, it is much more feasible for the populations to take ownership of the projects and therefore give them continuity over time, ensuring that the project continues to provide benefits even after it ends, and its management team leaves the community.

In summary, according to the analysis carried out, the direct access mechanism is the most efficient and sustainable mechanism over time, and, above all, there is a greater probability that the projects and their results will be assumed by the beneficiary population, thus guaranteeing greater efficiency and effectiveness of the investments of the Adaptation Fund.

- D. Describe how the project / program is consistent with national or sub-national sustainable development strategies, including, where appropriate, national adaptation plan (NAP), national or sub-national development plans, poverty reduction strategies, national communications, or national adaptation programs of action, or other relevant instruments, where they exist.

The EDA program contributes effectively to the implementation of policies, strategies, and plans on climate change of the State and Government of Honduras, since it is fully aligned with the National Climate Change Strategy, the National Adaptation Plan, the Document of National Determined Contribution, and the Government Plan for the Refoundation of the Homeland and Construction of the Socialist and Democratic State of President Xiomara Castro as shown below.

National Climate Change Strategy.

The adaptation measures proposed in the Program are framed within the sectors and adaptation measures planned to be implemented in Honduras and in particular in the coastal communities of Honduras in the ENCC. On the other hand, the program proposal under the EDA modality is aligned with action lines No. 1, No. 3, and No. 6 to carry out the process of institutionalization of the ENCC, which are mentioned below.

Action line No. 1. Creation and strengthening of institutional and human capacities. Facilitate the development and improvement of institutional, scientific, legal, technological, managerial, organizational, and economic capacities, for the planning, execution, monitoring, evaluation, and improvement of national and local efforts to effectively, timely and appropriately address climate change.

Action line No. 3. Strengthening of spaces for consultation and intersectoral and territorial participation. Improve the effectiveness of the participation of relevant actors for adaptation and mitigation, in the different phases of the planning and execution of public policies on climate change, in order to improve knowledge, awareness, appropriation and execution of actions for adaptation and mitigation, and strengthen governance, both at the local and national levels. In the case of indigenous and tribal peoples, their rights in this matter must be considered, and the consultation and participation processes must be based on free, prior, and informed consent.

Action line No. 6. International cooperation and financial mechanisms. Take timely and effective advantage of opportunities to mobilize and obtain technical and financial resources at the international, regional, and national levels, to enable the execution and follow-up of the ENCC and its Action Plan.

National Adaptation Plan (PNA).

The program is fully aligned with the Honduran PNA. Firstly, it is aligned with the principles of the NAP related to i). Inter-institutional and intersectoral coordination, ii). Recognition and appreciation of the traditional knowledge of indigenous and Afro-descendant peoples linked to climate change adaptation, iii). Participation and social inclusion in the design and implementation of adaptation measures, with special attention to vulnerable groups such as gender equality and in accordance with the needs and potential of indigenous and Afro-descendant groups, iv). Transparency and accountability:

On the other hand, the program is perfectly aligned with the strategic axes and cross-cutting pillars established in the NAP of Honduras, as shown in Figure 12 below:

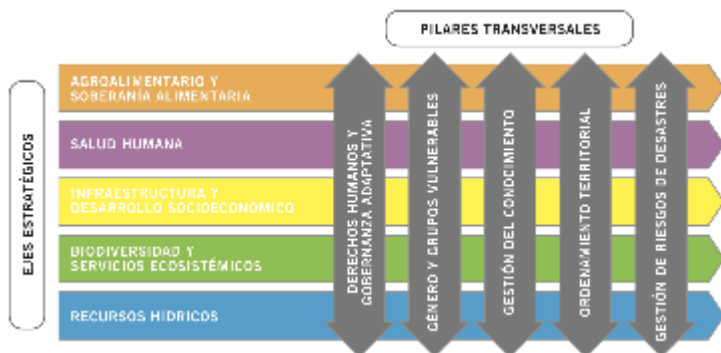


Figure 12. Methodological approach of the National Adaptation Plan of Honduras

Updated document of the National Determined Contributions of Honduras (NDC-HN).

The program is fully aligned with the contributions and measures that Honduras has defined in its 2021 updated NDC-HN document, especially with the contributions and measures detailed in Table No. 3 of this document.

Government Plan for the Refoundation of the Homeland and Construction of the Socialist and Democratic State.

The program is aligned with the government plan of President Xiomara Castro, specifically in the following points of the government plan.

Point 4. Towards a solidary, inclusive, and violence-free Honduras. The program is perfectly aligned with the proposal of point 4.1. Health, the first thing is to live with quality, which establishes the following action proposal:

"We will remodel all health centers nationwide, we will guarantee water, energy, safety, and sanitation conditions in all health establishments. We will improve the information system, each comprehensive health center will have a laboratory, X-rays, and ultrasound. Each hospital will also have a tomography and a high-level operating room."

Likewise, with point 4.3. Education, which establishes the following action proposal.

"Rehabilitate and repower at least 50% of the school infrastructure during the first year of government, reaching 100% in the third year of government, through community participation mechanisms supported by the municipality and the central government. Once the existing infrastructure has been rehabilitated, invest in the construction of new classrooms and schools in the prioritized areas."

Point 5. Gender: nothing about us, without us. The program is aligned with the following action proposals:

"To promote economic and social reactivation through a strategy of insertion and effective and beneficial participation of women in the country's economy, which includes the recognition of all time worked."

"Promote productive agroecological projects in the communities, with a view to building an income alternative for women."

Point 6. Alternative economic model: economic growth and development, bread for all. The program is perfectly aligned with the proposal of point 6.1. Protection of the environment and agroforestry development, which establishes the following action proposal:

“Establish a climate change adaptation and mitigation program. In accordance with regional agreements, ensure a) solid materials recycling strategies, b) the reduction of air, water, and soil pollution c) monitoring of the carbon footprint of our industry, and d) the prohibition of importing toxic waste.”

Finally, it is important to mention that the alignment of each project will be guaranteed at the time of their evaluation, since one of the proposed criteria of the set of criteria is the alignment that the activities proposed in the projects have with the ENCC, the PNA and particularly with NDCs.

- E.** Describe how the project / program meets relevant national technical standards, where applicable, such as standards for environmental assessment, building codes, etc., and complies with the Environmental and Social Policy of the Adaptation Fund.

In relation to compliance with national technical standards, all projects to be financed by the program must comply with them in accordance with the type of adaptation measure to be implemented in each project. According to the type of projects to be financed by the EDA Program, the following national technical standards must be applied.

Environmental Categorization. According to the Ministerial Agreement No. 705-2021 of the Secretariat of Natural Resources and Environment (SERNA) all projects must be classified based on their potential environmental impact. Furthermore, it serves as a technical basis to determine the environmental risk category of activities, works, or projects currently in operation. This is to guide the various authorities gathered in the National System of Environmental Impact Assessment (SINEIA) concerning administrative procedures of an environmental nature linked to permits, authorizations, and control tasks, following the principle of proportionality.

Environmental Impact Assessment. According to the Environmental Assessment System Resolution Decree no. 76- 2006, projects of low environmental impact are not subject to an Environmental Impact Study. Applicants shall submit the environmental form to the relevant municipal authority for the processing of the application for permits, according to the procedures established. Projects with Moderate Environmental Impacts (Category B) which may generate cumulative effects shall be subject to Environmental Valuation as prerequisite to grant the relevant authorization. The Environmental Valuation process and issuance of environmental authorization shall be in the care of SERNA's Territorial Delegations.

Operational Construction License: Document issued by the Construction Control Management of the municipalities through which, once the project under study complies with all the technical parameters established in the Construction Code (Decree 173-2010), municipal ordinance on construction, has an approved preliminary project, respective Environmental Licensing, favorable certificates from the competent Municipal and/or Governmental entities related to the case, and with all the proof of income in all institutions related to issuing any type of feasibility or statement on the project authorization is granted for the start of works on projects and developments.

Concessions and licenses for water management and planning. Following on decree 181-2009, the Municipalities shall grant water use rights to meet needs of family subsistence or for surface areas not larger than 1 ha. with a consumption under 0.06 liter per second. Rights shall

not be granted when the balance between recharge and drawing of surface water, groundwater, or aquifers are affected or when such rights limit the use of water for human consumption. For the development of renewable energy projects or projects with irrigation volumes of more than ten hectares, the Water Authority shall grant use rights through agreements of concessions based on the Law of Concession and any applicable administrative laws. The agreement for granting water use rights shall contain information on the following: Holder of use right; Source, quantity, quality of the water over which use rights are granted, and the natural assets associated with it; Type of water use; Type of concession granted; Any relevant rights-of-way; When use is for human consumption, a study of contaminant shall be also included.

Besides the specific national technical standards detailed above, the local entities when designing an adaptation project under the EDA Program must be aware and follows any relevant provisions linked to the project's activities contained in general laws such as the General Law on Environment (Decree 104/1993), Forestry Law, Protected Areas, and Wildlife. Decree No. 156-2007, National Contingencies Law (Decree 9-90-E). and municipal ordinance related to the establishment of commercial, industrial, agricultural, and livestock activities.

To guarantee compliance with the Environmental and Social Policy of the Adaptation Fund in each of the projects, the Program will develop a standard and friendly methodology so that all local entities that are going to execute a project can apply the PAS of the Adaptation Fund. This methodology should explain in a simple way the process to carry out the following activities: (1) identification of environmental and social risks in accordance with the 15 principles of the PAS following a comprehensive and proportional process based on evidence; (2) evaluation of the impacts that are foreseen for the identified risks; (3) identification of appropriate measures to avoid, minimize or manage such impacts; (4) a plan to apply and implement these measures.

On the other hand, since the focus on women and vulnerable groups is very important for this program, for each of the projects it will be ensured that, during the process of formulating project proposals, an exhaustive gender evaluation is carried out and concrete actions are developed to guarantee that women are effectively included in the projects and therefore receive the benefits of these. For this, a simple and friendly methodology will be developed so that local entities can incorporate it into the formulation of the projects. Likewise, specific training will be developed to guarantee the development of capacities at the local level to guarantee the inclusion of women in climate change projects.

Finally, the program guarantee compliance with national technical standards, the PAS and the Gender Policy of the Adaptation Fund through the evaluation process of the project proposals and during the execution of these through the monitoring and evaluation activities of each project.

F. Describe if there is duplication of project / program with other funding sources, if any.

There are different project initiatives in the process of implementation that are or were applying adaptation measures to increase the resilience to climate change of the populations in Honduras. Some of these initiatives are ending in 2023 and others are just starting operations. There is no duplication with any of the projects completed or in the process of implementation since none of them have direct or indirect actions in the area of influence of the program. It is important to indicate that synergies can be achieved with some of these projects through the

identification of lessons learned that can be replicated in the program's area of influence. Below, in Table 6, is a summary of the related project initiatives identified.

Table 6. Relevant project initiatives

| Project | Aim | Implementing Agency and implementation period | Potential synergies and complementarity |
|--|--|---|---|
| Advancing towards effective conservation and territorial management with a rights-based approach: strengthening indigenous regional cooperation in Latin America | Organizations, IP leaders and environmental defenders in Latin America with greater empowerment and cooperation capacity to prevent and address threats to their territorial management with a focus on rights, gender inclusion and environmental justice | IUCN 2022-2025 | The EDA program may access to some lessons learn from this project specially on issues related to gender inclusion and environmental justice. |
| Coastal biodiversity: Regional project for the joint management of ecosystems in the northern triangle of Central America | Reduce overexploitation of mangroves and wetlands | IUCN, GOAL, Rhode Island University. 2017-2022 | This project may be a source of concrete experience on mangroves and ecosystem management that can be applied by local entities under the EDA program. |
| Ready Coasts: Integrating climate change into marine protected areas and coastal management in the Mesoamerican Reef ecoregion | Implement climate principles in the management of marine protected areas and policy development for the countries that are part of the Central American Reef. To improve climate change adaptation. | WWF, CONAP-Guatemala. Ministry of Agriculture-Belize. MARN-Guatemala MiAmbiente- Honduras 2018-2022 | The project has already identified and prioritized some adaptation measures on coastal management and has implemented some of these measures. The EDA program may benefit of the results of this project on the selection and piloting of some adaptation measures that can be showed up to local |

| | | | |
|--|--|--|--|
| | | | entities and hopefully some of them may be included in the concrete interventions to be financed by the EDA program. |
| Using Nature-Based Solutions to Increase Resilience to Extreme Weather Events in the Atlantic Region of Honduras, Guatemala, and Belize. | Strengthen the climate resilience of communities and ecosystems in the Atlantic coast region of Honduras, Guatemala, and Belize. | CABEI, WRI and CATIE. 2022-2025 | This project is expected to start operations during 2023 and will focus on the promotion of nature-based solutions by developing three pilots one of them in Honduras. Despite it is in a different geographical area, the EDA program may benefit from the experience and technical expertise of the executing entities through the development of technical exchanges. |

G. If applicable, describe the learning and knowledge management component to capture and disseminate lessons learned.

The program will contribute to the organization and execution of exchanges on the implementation of adaptation measures that are applicable to the coastal communities in the area of execution of the program. To this end, local and national events will be organized where, in addition to national experiences, other international experiences may be included. This exchange will support the communities in the identification of adaptation measures that are feasible to implement in their communities and, based on this, prepare their project proposal to obtain financing from the Program.

Once the projects are in full execution, exchange events will be promoted between the communities so that experiences and lessons learned about the execution of the different adaptation measures that are being carried out can be exchanged.

The program will support, from the beginning of execution, the development of case studies that allow the identification and generation of lessons learned and their dissemination among the local executing entities and other entities at the national and international level. Connected with the case studies, specific documents can be generated about the experiences such as methodologies, procedures, among others that support the replicability of positive experiences in other places. Special emphasis will be placed on the systematization of the role of women and other excluded groups in the implementation of adaptation measures, as well as their participation in the benefits of the actions of specific projects and of the program in general.

From the beginning, the program will develop a communication strategy, which must communicate at the local, national, and international level about the activities and results of the Program. For this, different communication products such as press releases, articles, videos,

etc. may be used and will be distributed through different channels and/or platforms such as posters, radio, TV, YouTube, website, Facebook, Twitter, Instagram, among others.

Finally, the knowledge generated during the execution of the program will be used to develop a proposal for scaling up the financial mechanism that allows deepening investments in the target communities of the program and expanding it to the entire department of Gracias a Dios.

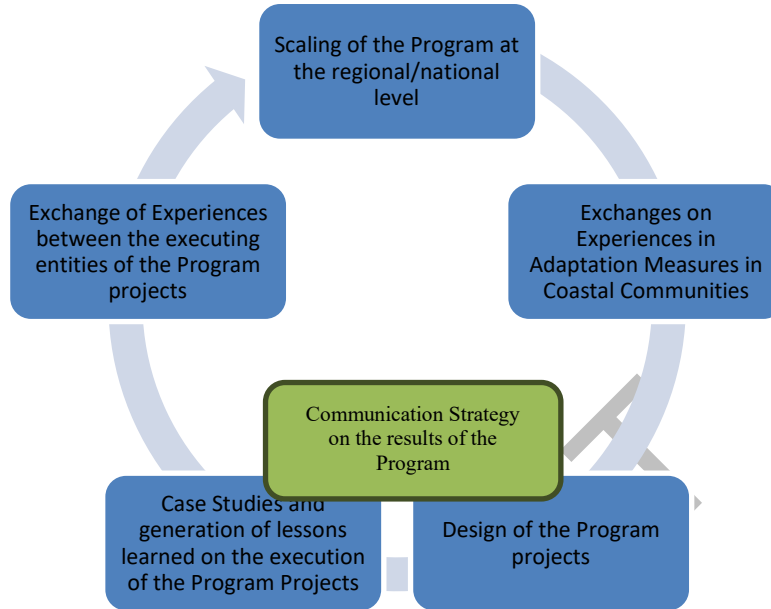


Figure 13. Management process and knowledge development of the program

The execution of this component will contribute to generate some of the following knowledge and learning outputs:

1. Event exchange reports. Comprehensive reports, minutes, or briefs documenting the content, discussions, and outcomes of the local, national, and international exchange events.
2. Case studies on the execution of adaptation measures: A series of detailed case studies, focusing on the execution of adaptation measures, the role and experiences of women, young and elderly people, challenges faced and how they were overcome an identification and discussion of lessons as well learned.
3. Adaptation manuals: Comprehensive guides detailing best practices, methodologies, and step-by-step instructions on implementing specific adaptation measures and highlighting the participation of and access to project benefits from vulnerable groups such as women, young people, children, older adults, and people with disabilities.
4. Communication materials: Factsheets, infographics, press releases, podcasts, interviews, storytelling, and articles published in local, national, and international media, videos created, detailing project processes, successes, and challenges, and digital content for platforms such as YouTube, Facebook, Twitter, and Instagram.
5. Webinars: Online seminars presenting findings, progress updates, or technical knowledge sharing, often featuring experts or practitioners in the field.
6. Field Visit Reports: Documented accounts of visits to project sites, capturing observations, stakeholder feedback, and insights.

7. Technical Briefs: Short documents focusing on specific technical aspects of the project, such as new technologies, methodologies, or innovative solutions.

The knowledge and learning outputs to be developed by the program will support the knowledge exchange within and outside the program and will position the activities, outputs, outcomes, and impact achieved by the Program at local, national, and international level.

- H. Describes the consultative process, including the list of stakeholders consulted, undertaken during project preparation, with particular reference to vulnerable groups, including gender considerations, in compliance with the Environmental and Social Policy and Gender Policy of the Adaptation Fund.

The consultation process for the development of this program proposal was carried out from February 27 to March 3, 2023 through a series of meetings with key stakeholders in each of the communities in the program's area of influence, such as women, men, young people, the elderly, people crippled and disabled as a result of bad diving practices, representatives of all the ethnic groups in the area of influence of the Miskitu, Garifunas, Pech and Meztizos program. Likewise, interviews were conducted with representatives of local organizations such as municipalities, territorial councils, women's groups, producers, health centers, schools, among others, as well as local and national authorities representing Honduran state institutions such as the ICF, COPECO, and SERNA, among others.

In Annex 4, you will find the complete report of the consultation process developed for this program.

Main findings of the consultations.

The main conclusions of the consultations are the following:

- Communities indicate that tropical storms and hurricanes are becoming more frequent and stronger.
- Torrential rains and strong winds cause flooding in their communities and their crops. Floods come from the sea, rivers, and lagoons.
- The communities do not have an adequate evacuation system that allows them to safeguard their lives and those of their families. They indicate that they do not have adequate communication systems, transportation systems, equipped shelters, an ambulance with equipment, and basic medical supplies to care for the population during the emergency.
- The services and infrastructure of water, sanitation, drainage, health, and education are of poor quality or non-existent, so when there is a flood all these systems collapse and the waters become contaminated, the number of mosquitoes increases and therefore diseases increase. respiratory, gastrointestinal and those transmitted by vectors such as dengue and Chikungunya, especially in children and the elderly.
- The sources of income in the communities are very limited and therefore when there is an emergency, it deepens since they do not have the cash required to buy provisions and the floods damage the crops causing serious problems of access to food during and after the weather event.
- Neither the communities nor the local and national authorities have the financial resources or the necessary capacities to be able to face the increasingly recurrent floods and therefore carry out the required adaptation measures that allow them to reduce their levels of

vulnerability and increase their resilience to climate change. In this sense, they demand the mobilization of financial and technical resources that allow them to design and execute projects that allow them to improve their capacities to face climatic events.

- Women, children, elderly people and people with disabilities are the most vulnerable to repeating climate change and are the most unprepared to face them because they lack of appropriate water and sanitation systems, communities do not have proper drainage systems, proper school facilities, proper and equipped health centers, they lack of natural or physical barriers to reduce sea and/or lagoon water intrusion, and they do not have access to a source of income to allow them to save money to face these emergencies.

Stakeholders' consultations at Unidentified Sub Project (USP) level.

All USPs must be designed with a strong participation of the local communities. Therefore, each project, as part of its monitoring and evaluation activities, will include consultations with the beneficiaries at individual and community level on the status and quality of the delivery of the outputs, outcomes and impacts of each project.

Furthermore, as part of the knowledge management component, annual exchange events will be carried out where the EDA Program will get inputs from the communities on the execution of the adaptation projects in their communities. These consultations will be systematized as part of the exchange events reports and some of them on the cases studies documents.

The consultation sessions (as part of the monitoring and evaluation activities and/or exchange events) during the implementation must consider the required conditions in terms of day, time, meeting room conditions, meeting location, among others to facilitate the participation of vulnerable groups participating in the project.

In summary, the process will involve the following actions:

1. Each USP as part of its monitoring and evaluation activities include consultations sessions at individual and community level.
 2. The outcome of these sessions will be included in the monitoring and evaluation reports.
 3. Carried out exchange events.
 4. Systematize consultations through project monitoring and evaluation reports, exchange events reports, and case studies.
-
- I. Provide justification for funding requested, focusing on the full cost of adaptation reasoning.

Honduras is the second poorest country in Latin America and the Caribbean after Haiti. Currently 52.4% of the population lives below the poverty line and 13.3% of the population lives in extreme poverty. Therefore, it has many investment needs, and its indebtedness capacity is increasingly limited since currently, its indebtedness level is 47.6% of GDP through 2022 according to CABEL data. It is important to indicate that, due to the country's high vulnerability, a large part of the country's indebtedness has occurred because it has had to make investments in infrastructure that climate events have destroyed. In summary, the high level of government debt does not allow it to access new loans, and on the other hand, high indebtedness generates annual obligations to pay interest and principal on the debt, minimizing the government's ability to invest its own resources or through credit to meet development needs and face the effects of climate change at the same time. On the other hand, the area of influence of the program is

an area neglected and excluded from the limited investment programs and projects of the government, the private sector, and international cooperation.

Baseline Scenario (without resources from the Adaptation Fund). The Honduran government is aware of the investment needs required to improve living conditions and increase the resilience of indigenous and Afro-descendant populations living in coastal communities with high vulnerability to the effects of climate change. However, as explained before, it does not have the necessary resources to finance the required investments. Therefore, without the resources of the Adaptation Fund it will not be possible to execute the adaptation measures required at the local level to help increase their resilience to climate change.

EDA Program (with resources from the Adaptation Fund). The resources of the Adaptation Fund will be used to finance the execution of the EDA Program, managing to provide technical and financial resources directly so that indigenous and Afro-descendant communities with high levels of poverty due to the fact that they have traditionally been excluded from public, private and international cooperation and highly vulnerable to climate change implement adaptation measures to increase their resilience to climate change.

Taking into consideration the high levels of poverty and high vulnerability of the program's target populations, co-financing will not be required to finance adaptation projects; however, leveraging limited local resources for co-financing of projects will be actively promoted.

In addition to mobilizing financial resources, the EDA program will contribute to the development of local capacities to face the effects of climate change. Furthermore, the execution of this program will serve as a pilot project focused on indigenous communities that can later be scaled up and/or replicated at a regional, national, and international level, building on the lessons learned generated during its execution.

J. Describe how the sustainability of the project/program outcomes has been taken into account when designing the project/program.

The design of the program includes a series of activities to ensure the sustainability of its results in the long term.

Institutional strengthening of local entities. The program includes a series of activities to strengthen the managerial and technical capacities of local entities for the design and execution of climate change adaptation projects. It is important to indicate that in addition to the technical capacities in climate change, the local entities will also develop capacities for the application of the environmental and social policy, as well as the gender policy of the adaptation fund. The acquisition of these capacities will allow these entities to continue designing and implementing climate change projects that will allow them to mobilize resources from other national and international entities in the future.

Development of capacities of the beneficiaries. The program will promote the development and/or strengthening of the capacities of the beneficiaries in all the adaptation projects that the program finances with the objective of ensuring that the execution of the adaptation measures that are designed and executed are sustainable over time and do not depend on external actors for their implementation.

Knowledge generation and management. The program has a specific component with various activities that will promote the generation and exchange of knowledge on climate change adaptation measures among the different local entities and therefore creating a solid and shared knowledge base at the community level on climate change adaptation measures.

Empowerment of communities. With the support of their local entities, the communities will design and implement their own climate change adaptation projects. The program, in addition to the financial resources for the execution of the projects, will support them by providing knowledge and tools to ensure that the projects include the correct adaptation measures, include women and the most vulnerable people, comply with national regulations and with the environmental and social policy and gender policy of the Adaptation Fund. Therefore, the projects will be inclusive, will respond to the needs of the population, and will generate economic, social, and environmental benefits, thus guaranteeing that they are empowered by the projects and their results in the long term.

In conclusion, the execution of the activities mentioned above will contribute to the sustainability of the outcomes of the project through the following dimensions.

Environmental. First of all, most of the subprojects to be executed within the EDA program will be Category C, which means they are low risk. Furthermore, most of the subprojects will include actions that contribute to deliver positive impacts to the environment. Finally, the high empowerment of the communities and institutional strengthening of the Grantees will ensure the mid-term and long-term environmental sustainability of the outcomes of the program to be achieved.

Social. The capacity building approach and the focus on empowering vulnerable groups such as women, young people, children, and older adults, will improve the access of these people to water, sanitation, health, and education services as well as to get income by their own by developing and implementing income generation activities, increasing their resilience to climate change events while reducing supporting them to get out of poverty.

Economic. The program will support the communities to better prepare to climate change events, will improve access to basic services, and will promote income generation activities within the most vulnerable people in the communities. Therefore, economic sustainability is achieved by reducing their economic losses during the emergencies, reducing the cost for recovery post emergency and by increasing their income because of the participation on economic generation activities.

Financial. The empowerment of the local communities, the participation and institutional strengthening of local entities, and the linkages with government institutions at local and national level such as Ministry of Health, Education, Agriculture, SERNA, and municipalities will ensure the financial sustainability of all program outcomes related mainly to infrastructure and services because every infrastructure and/or service delivered as part of the program outcomes must ensure the sustainability by developing a business model that includes the required source of incomes coming from annual national budget of local and national governmental institutions and/or income generated from the end users of the infrastructure and/or services.

Institutional. It is achieved by the institutional strengthening developed at local entity level to identify, design, and implement adaptation projects according to AF's environmental and social safeguards the empowerment of the communities and vulnerable groups, especially of the women, the knowledge generated and shared among the communities, and the linkages established and strengthened with national governmental organizations.

K. Provide an overview of the environmental and social impacts and risks identified as being relevant to the project / program.

Since this is a direct access program and the projects have not been identified, it is not possible to provide a detailed assessment of the environmental and social risks of the projects to be financed.

For the purpose of this program, an Environmental and Social Management Framework (ESMF) will be prepared with the objective of guiding the local executing entities of the program in the process of identifying and managing potential environmental and social impacts and risks during the process to formulate and implement the climate change adaptation projects. Likewise, the ESMF will be the basis for the program team to ensure that each of the approved projects complies with the Environmental and Social Policy and the Gender Policy of the Adaptation Fund. Through the ESMF, each one of the local executing entities of the projects will be able to identify and evaluate the potential environmental and social risks in each one of the projects, as well as implement and monitor the mitigation measures required in each case. The ESMF must define the process for the identification of environmental and social risks, the evaluation of their potential impact, as well as the different measures to mitigate, reduce or eliminate their impact.

In addition to the ESMF, the program will develop the following activities to guarantee compliance with the Environmental and Social Policy (ESP) of the Adaptation Fund during the execution of each project financed by the program.

- Project evaluation. The program will guarantee that the evaluation process of the projects comply with each and every one of the principles established in the ESP.
- Training of Local Entities on ESP and its application in projects. Since the projects will be identified and designed by local entities, the program will train local entities in the application of the ESP principles and develop a methodology that allows local entities to comply with the ESP of the Adaptation Fund easily, quickly and uniformly during the formulation and execution of the projects.
- Monitoring and Evaluation of Projects. The program will implement a Monitoring and Evaluation process in order to monitor and evaluate the execution of the activities of each project and compliance with the environmental and social safeguards of the Fund.

In line with the guideline document for the implementation of programs and projects with its unidentified projects of the Adaptation Fund, an additional level of due diligence will be carried out to ensure compliance of the proposals with the environmental and social policy and the gender policy of the Adaptation Fund. This due diligence will be carried out by an independent international consultant to ensure compliance. An evaluation of the list of environmental and social principles is presented in Table 7 below.

The program will approve project proposals categorized mainly as category C (low risk) and some projects will be category B (moderate risk). In the case of category B projects, an Environmental Impact Study must be carried out. Based on a preliminary review of the principles of the adaptation fund's environmental and social policy, it is concluded that this proposal can be determined as Category B.

Table 7. Evaluation of the list of environmental and social principles.

| Check list of environmental and social principles | No further assessment required for compliance | Potential impacts and risks – further assessment and management required for compliance |
|--|--|---|
| <i>Compliance with the Law</i> | | Since the projects have not yet been identified, there could be a risk that the project does not comply with the existing legal framework in the country. Therefore, during the project evaluation process, the program will ensure that they comply with all relevant regulatory frameworks. Likewise, compliance with this will be monitored during the implementation of the project. |
| <i>Access and Equity</i> | | The EDA modality is designed to provide grants to vulnerable communities. The equitable distribution of benefits is a fundamental condition of this approach and will be guaranteed during the evaluation process of the subproject proposals, it will be included in the contracts with local entities and compliance with this principle will be monitored during the execution of the projects. Projects. |
| <i>Marginalized and Vulnerable Groups</i> | | To reduce or eliminate this risk, the process of disseminating the program and the form of access will be carried out extensively in all the communities in the area of influence of the program, ensuring that all the actors representing them have access to the benefits of the program, especially women, children and the elderly and people with special abilities. |
| <i>Human rights</i> | | During the project evaluation process, it will be ensured that all project activities respect and promote the human rights of all people regardless of race, sex, political position or religion. |
| <i>Gender Equality and Women's Empowerment</i> | | All projects must comply with the gender policy. For this, the local entities that propose projects will be trained in it and will be provided with a methodology to be able to carry out the gender evaluation and ensure the inclusion of gender and empowerment of women in the projects. In addition, the inclusion of gender equality and women's empowerment will be a key criterion during the evaluation of the projects. |
| <i>Core Labor Rights</i> | | During the evaluation of the projects, it will be guaranteed that labor rights are respected. Likewise, |

| | | |
|---|--|---|
| | | it will be guaranteed that local entities respect the labor rights of their employees in compliance with the national law on this matter. |
| <i>Indigenous peoples</i> | | The majority of the population in the program area is indigenous and Afro-descendant and, therefore, the main interest groups in the program are Miskitu and Garífunas. The project has been consulted with indigenous and Afro-descendant populations and complies with all national and international regulations on this matter. During the evaluation process, it will be ensured that this principle is fulfilled in each of the projects. |
| <i>Involuntary Resettlement</i> | | Activities are not included, nor will projects that involve the involuntary resettlement of communities be financed. |
| <i>Protection of Natural Habitats</i> | | The program will not finance projects that affect the natural habitat. On the contrary, the activities planned to be developed in the subprojects will contribute positively to the protection of the natural habitat. |
| <i>Conservation of Biological Diversity</i> | | The program will not finance projects that threaten the conservation of biological diversity. On the contrary, during the evaluation, priority will be given to projects that contribute to conserving the biological diversity of the program intervention area. |
| <i>Climate change</i> | | The program will contribute to climate change adaptation. In this sense, a key criterion for evaluating projects is precisely the level of positive impact on climate change adaptation expected from the intervention. |
| <i>Pollution Prevention and Resource Efficiency</i> | | The program will not promote the financing of any activity that pollutes the environment. Likewise, the intensive use of natural resources that could lead to their overexploitation is not foreseen. |
| <i>Public health</i> | | The program does not foresee activities that generate a potential public health problem. On the contrary, the program may finance projects that improve the quality of health services for the population. |
| <i>Physical and Cultural Heritage</i> | | The program does not foresee activities that may affect any physical and cultural heritage. Likewise, it will ensure that each project does not have any negative impact related to this issue. |
| <i>Lands and Soil Conservation</i> | | Some potential project activities in the area of agriculture could have a negative impact on soil management. Therefore, during the project evaluation process, it will be ensured that the necessary activities are carried out to reduce or eliminate this risk. |

PART III: IMPLEMENTATION ARRANGEMENTS

A. Describes the arrangements for project / program implementation.

Figure 14 below describes the relationships between the different entities participating in the execution of the program.

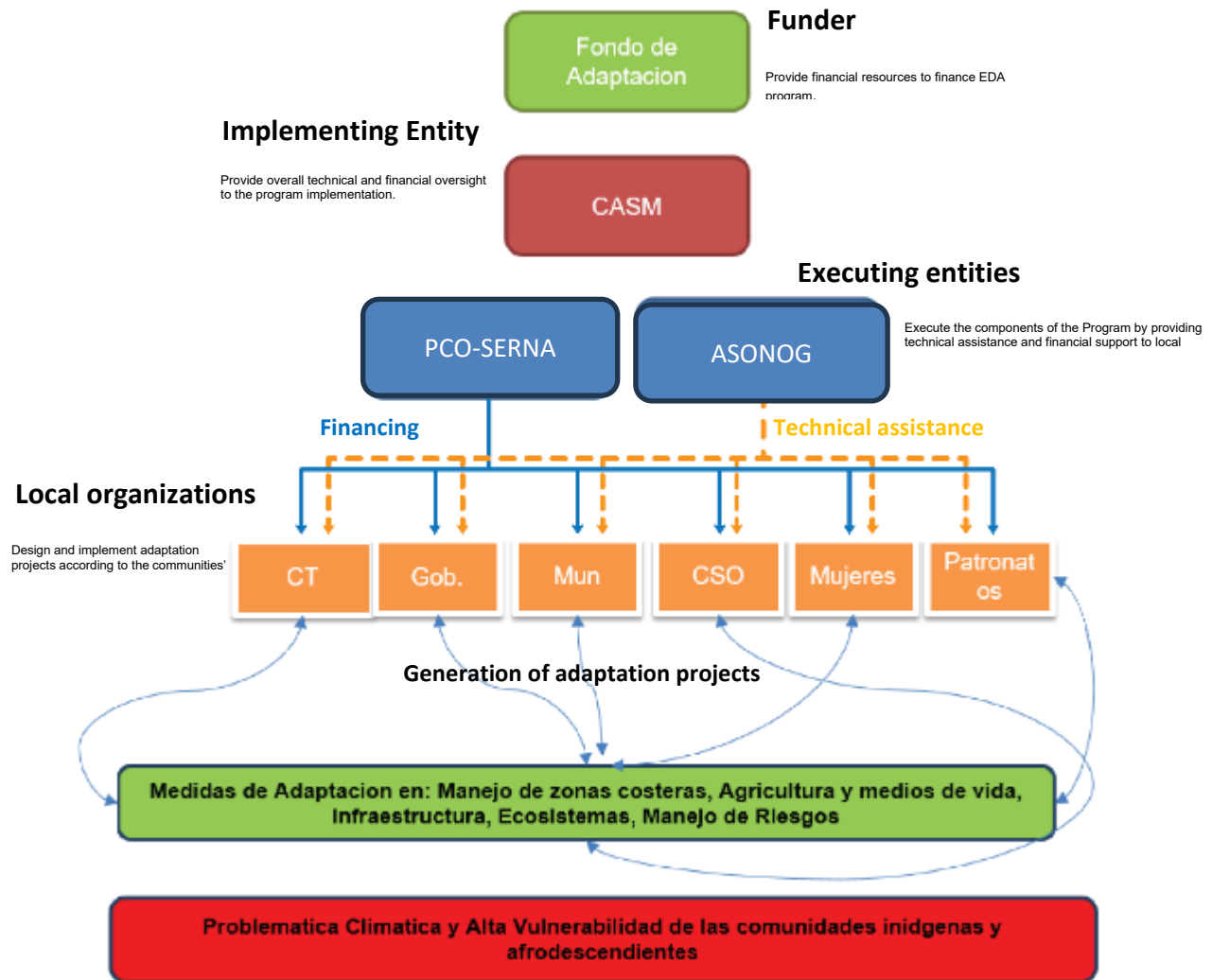


Figure 14. Implementation arrangements for the execution of the EDA Program

National Focal Point

The Secretary of Natural Resources and Environment of Honduras (SERNA) is the focal point for various international agreements including Framework Convention on Climate Change, Paris Agreement, Kyoto Protocol, Montreal Protocol on Substances that Deplete the Ozone Layer, Stockholm Convention on Persistent Organic Pollutants, Convention to Combat Desertification, Biological Diversity Convention, Minamata Convention on Mercury. Likewise, it is the focal point of the country before various donors such as the Global Environment Facility, the Adaptation Fund, the Green Climate Fund, the Forest Carbon Partnership Facility (FCPF) among others.

SERNA is the Authority Designated by the Government of Honduras to act as Focal Point before the Adaptation Fund. Therefore, it is the entity that endorses the Program and during the execution of the program it will participate in the Strategic Steering Committee whose main function is to provide strategic orientation to the execution of the program and approve the adaptation project proposals that will receive financing from the program prior to the recommendation of the Technical Committee of the Program.

Implementing Entity.

Comision de Accion Social Menonita (CASM) is the implementing entity that will present the program proposal to the Adaptation Fund in its capacity as National Implementing Entity accredited to the Adaptation Fund since 2021.

CASM is a non-profit entity established in 1983 with the mission to strengthen self-management capacities of rights holders such as families and social organizations, who seek to address economic, social, environmental, and political injustice.

CASM will be responsible for the general administration of the resources of the Adaptation Fund for the financing of the Project. Therefore, it will transfer the resources received to the executing entities of the project, provide follow-up to the technical and financial execution of all the components of the Project and prepare the technical and financial reports for the Adaptation Fund on the implementation of the Project. Likewise, it will lead the strategic steering committee and the technical committee that will be established for decision-making on the financing of projects presented by local organizations, as well as the approval of work plans, budgets, terms of reference and required methodological tools. for the implementation of the program.

Executing entities.

The Association of Non-Governmental Organizations of Honduras (ASONOG)² is a network of 18 permanent Civil Society Organizations with their own independence in the execution of programs and projects. ASONOG is a private, non-profit, pluralistic social service entity with a presence throughout the territory of the Republic of Honduras.

ASONOG's mission is to promote the articulation and management of participatory processes to develop the skills of Civil Society to demand human rights with innovative mechanisms based on knowledge management, services, and timely, adaptable, resilient, and sustainable investments.

Its main action lines include the protection of human rights, gender and inclusion, environmental sustainability and defense of the territory and institutional sustainability.

ASONOG is one of the two executing entities of the program and will be in charge of the following activities:

²<https://asonog.hn/miembros/>

1. Execute component 1. Development of institutional and technical capacities of local entities for the preparation and preparation of climate change subprojects that it includes.
 - ✓ Identification and selection of local entities eligible to participate in the project.
 - ✓ Preparation of diagnoses of capacity needs of local institutions
 - ✓ Development and implementation of training plans for local institutions before and during the execution of the projects.
 - ✓ Preparation of climate vulnerability analysis studies as part of the project proposal preparation process.
2. Execute component 4. Management and management of knowledge that includes.
 - ✓ Preparation of successful case studies of projects financed with resources from the Adaptation Fund
 - ✓ Systematization of experiences and dissemination of lessons learned.
 - ✓ Communication strategy on the results of the project.
3. Prepare technical and financial reports of the execution of the components for CASM.
4. Coordinate with CASM and PCO-SERNA the different activities of the project.

The Secretary of Natural Resources and Environment (SERNA) through its Project Coordination Office.

The Ministry of Natural Resources and Environment through its Project Coordination Office (PCO) is the managing and executing entity supported by various strategic partners that has achieved the approval of important projects. Currently, it implements the following projects:

- Ecosystem-based Adaptation Project in Communities of the Central Forest Corridor of Tegucigalpa (AdaptarC+ Project)
- Comprehensive Environmental Management Project for the Motagua River Basin (ProRio+ Project).
- Environmentally Sound Management of Products and Waste that Contain POPs and the Risks Associated with their Final Disposal (POPs 4 Project).
- Agroforestry Landscapes and Sustainable Forest Management that generate Economic Environmental Benefits at a Global and Local level (Conecta+ Project)
- Support in the design and implementation of the integrated climate change monitoring system for Honduras. (CBIT)
- Protecting biodiversity and recovering degraded ecosystems – RECOVER Honduras.

All of SERNA's actions through the Project Coordination Office (PCO) are aimed at fulfilling the country's strategic objectives, with a results-based management approach in partnership with key actors, such as government entities, international cooperation, private companies, indigenous and Afro-Honduran peoples, academia, and civil society.

Currently, the PCO is executing the AdaptarC+ Project, whose execution scheme is similar to the proposal of this program. In this sense, the Program will take advantage of the experience generated and installed capacity of the PCO to execute the program in a more efficient and expeditious manner.

SERNA is one of the two executing entities of the program and through it will be in charge of the following activities:

1. Execute component 2. Selection and approval of the climate change projects that it includes.
 - a. Preparation of evaluation criteria for project proposals
 - b. Preparation of the flow of the entire process of identification, design, evaluation, and approval of project proposals.
 - c. Design and approval of regulations, manuals, procedures, and formats required throughout the process of identification, design, evaluation.

- d. Approval and implementation of project proposals.
2. Execute component 3. Management of the EDA project Fund for the financing of climate projects.
 - a. Negotiation of contract conditions.
 - b. Evaluation of the institutional capacity of local entities with approved projects after signing the contract.
 - c. Ensure compliance with prerequisites and documentation necessary for signing the contract.
 - d. Signing of contracts with local entities.
 - e. Make the disbursements of the financing to the projects.
 - f. Provide follow-up and monitoring of project execution.
 - g. Coordinate with ASONOG, the provision of technical assistance to local entities during the execution of the project.
 - h. Closing of the projects
 - i. Coordinate the intermediate and final evaluation of the project.
3. Prepare technical and financial reports of the execution of the components for CASM.
4. Monitoring all EDA Program activities and specific project activities.
5. Coordinate with CASM and ASONOG the different activities of the project.

Program Technical Unit.

To manage the execution of the program, a Program Technical Unit will be formed, which will be made up of personnel from the two executing entities and must have the following personnel.

- *EDA Program Manager.* Manages the technical team of the program and is responsible for the general coordination of the program and the execution of its activities. She/he must have experience and training in fund management and experience in the management and coordination of development programs and projects. Part of the PCO-SERNA team.
- *Assistant Manager of the EDA Program.* Will be in charge of providing technical support on climate financing and development of project proposals to local entities, providing managerial follow-up to the component of capacity building and knowledge development, as well as supporting the Manager in coordinating the team. Must have experience in formulating climate change adaptation projects, project coordination, and knowledge development and management. Part of the ASONOG team.
- *Investment officer in climate change adaptation projects.* Will be in charge of facilitating the process of analysis, evaluation, and monitoring of disbursements and execution of climate change adaptation projects. Must have experience in the design, evaluation and monitoring of the implementation of climate change adaptation projects. Part of the PCO-SERNA team.
- *Organizational Development Specialist.* Will be in charge of the technical execution of Component I. Capacity development, which includes the identification, evaluation, and institutional strengthening of local entities. Must have experience and training in institutional development and knowledge of climate change. Part of the PCO-SERNA team.
- *Specialist in Environmental and Social Safeguards.* Will be in charge of guaranteeing that the Program in general and the climate change adaptation projects in particular comply with all the guidelines of the environmental and social policy and the gender policy of the Adaptation Fund during its formulation and implementation. Must have experience and

training in the application of environmental and social safeguards to development and/or climate change projects. Part of the PCO-SERNA team.

- *Program Monitoring and Evaluation Officer.* Will be in charge of establishing and monitoring the execution of the monitoring and evaluation system of the program in general and of the projects in particular, ensuring the timely measurement of the results and coordinating the development of the midterm and final evaluations of the projects and the program. Must have training and experience in the design and execution of monitoring and evaluation systems for development and/or climate change programs and projects. Part of the PCO-SERNA team.
- *Program Administrative Officer.* Will be in charge of the day-to-day logistical and administrative aspects of the program, supporting the program's technical team in a timely and efficient manner in the execution of its activities. Must have experience and training in administration and logistics in general. Part of the PCO-SERNA team.

The detailed terms of reference for these positions will be defined at the beginning of the program and will be approved by the Strategic Steering Committee. The positions may be joined according to convenience and in order to achieve greater efficiency in the use of resources. Likewise, with the objective of achieving greater connection with the communities, priority will be given, if there is capacity at the local level, to hire personnel belonging to the ethnic groups in the area of influence of the program or from the department of Gracias a Dios.

Executing Entities of the Approved Projects.

The Program will finance the implementation of adaptation measures at the local level through projects designed and presented by local entities. Local entities include community-based organizations, local, national and/or international NGOs, municipalities, departmental units of government institutions, among others. Proposals may be submitted individually and/or in a consortium. The approval and execution of the projects will be done following the process previously explained in components 2 and 3 of the program and no more than one project will be approved at a time for a single entity. An entity may request resources for a second project only if it has successfully completed the execution of the first approved project.

The program will finance at least 25 climate change adaptation projects divided into two windows, as explained in detail in a previous section. A single call is scheduled to be held. However, if it is not possible to place the funds in the first call, the necessary calls will be made until all the funds are placed, as long as they can be executed within the execution period of the program.

Projects may be executed in a minimum period of 12 months and a maximum of 30 months.

The functions of the executing entities of the approved projects are the following:

1. Prepare and submit for approval projects for climate change adaptation.
2. Participate in all training and knowledge management activities relevant to your institution.
3. Technically and financially execute the projects that have been approved.
4. Prepare technical and financial reports on the execution of your project to present to the PCO-SERNA.

Strategic Steering Committee (SSC).

The SSC will be made up of a representative of the Mennonite Social Action Commission (CASM), a representative of the Ministry of Natural Resources and Environment, a representative of the PCO-SERNA, a representative of the Muskitia Asla Takanka (MASTA), a representative of the Association of Miskito Indigenous Women (Miskitu Indian Mairin Nani Asla Takanka (MIMAT)).

The CASM representative will act as coordinator and the PCO-SERNA representative as secretary of the SSC and without the right to vote. The SSC will meet regularly, virtually and/or in person, once every three months and extraordinarily, when required, at the request of CASM in its capacity as coordinator. For their participation in face-to-face meetings, the costs of mobilizing the representatives of the entities for the SSC meetings will be covered by CASM.

The main functions of the SSC will be the following:

- Provide strategic orientation to the execution of the program.
- Approve financing for proposals for adaptation projects at the proposal of the Technical Steering Committee (TSC) of the Program.
- Give its Non-Objection to the technical and financial reports of the Program prepared by CASM prior to sending them to the Adaptation Fund.
- Give its Non-Objection to any material change in the budget and/or scope of the program and/or projects prior submission by CASM for approval by the Adaptation Fund.
- Facilitate effective coordination among key government authorities for program execution.

The SSC meeting agenda along with supporting information for each agenda item will be shared electronically to all committee members at least 5 business days prior to each meeting.

Figure 14 below describes the governance structure of the EDA program for decision-making at the technical and strategic level.

Governance for decision making of the EDA Program

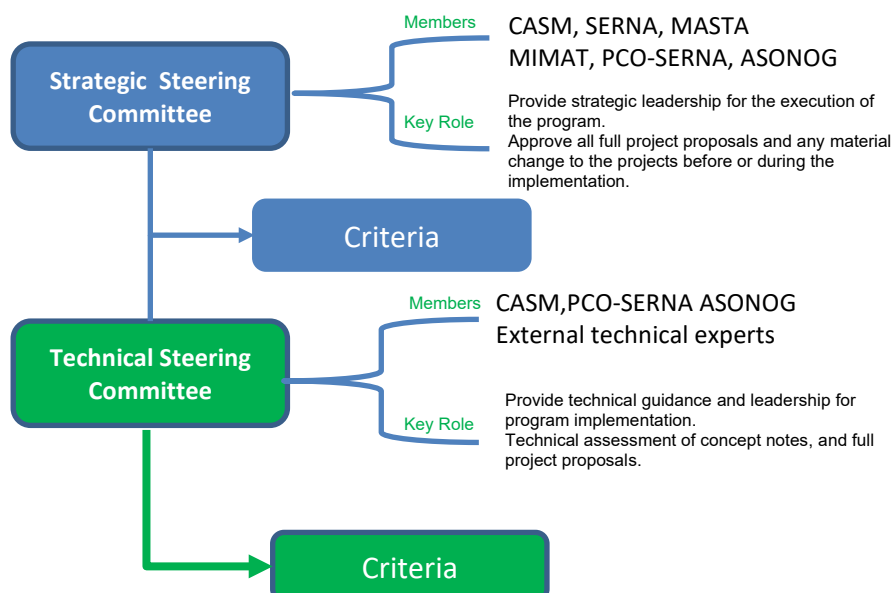


Figure 15. Governance structure for decision-making in the EDA program.

Decision-making will be by consensus of all the members of the SSC and if, after several attempts, consensus is not reached for a particular agenda item, the CASM, in its capacity as coordinator of the SSC, will submit the agenda item to a simple vote. The Secretary of the SCC will record each of the votes of each member of the SSC for each decision made under the simple voting process and said record will be included in the minutes of said meeting.

Technical Steering Committee (TSC).

The TSC will be made up of a representative at the technical level of CASM, ASONOG and PCO-SERNA. For the evaluation process of project proposals submitted by local entities, the TSC will also have the support of at least external technical experts hired to participate in the proposal evaluation process.

The CASM representative will act as coordinator and the ASONOG representative will act as secretary of the TSC. The SSC will meet regularly, at least every month and/or when required in an extraordinary way. The meetings will be face-to-face and/or virtual depending on the location of the people participating. In the TST, the technical personnel they consider relevant for the proper functioning of the program may participate on a timely and/or permanent basis and at the request of the entities. The costs of the participation of the members of the TSC must be covered with the budget assigned to each one of the institutions in the framework of the execution of the program.

The terms of reference for the hiring of these experts will be prepared by the PCO-SERNA and approved by the TSC, before their publication. Likewise, the TSC as a whole will participate in the evaluation process of the candidates for these consultancies. The costs of fees, as well as travel costs of the external experts hired to evaluate the project proposals will be covered with the budget assigned to the PCO-SERNA in the framework of program execution.

The main functions of the TSC will be the following:

- Provide leadership and technical guidance to the execution of the program.
- Approve at the technical level the technical and financial reports of the Program prepared by the executing entities, prior to their submission for consideration by the SSC.
- Evaluate at a technical level any material change in the budget and/or scope of the program and prepare a proposal for approval by the SSC before it is sent by CASM for approval by the Adaptation Fund.
- Evaluate the project concept note proposals submitted by local entities.
- Evaluate the complete project proposals presented by the local entities and submit an evaluation report with its technical recommendation for consideration or not of approval by the SSC of the Program.
- Give its Non-Objection to the technical and financial reports of the Program prepared by CASM prior to sending them to the Adaptation Fund.
- Guarantee effective coordination between the national implementing entity and the executing entities of the program.

The TSC meeting agenda along with supporting information for each agenda item will be shared electronically to all committee members at least 5 business days prior to each meeting. Decision-making will be made by consensus of all the members of the TSC and if, after several attempts, consensus is not reached for a particular agenda item, the CASM, in its capacity as coordinator of the TSC, will submit the agenda item to a simple vote. The secretary of the TSC will record each of the votes of each member of the TSC for each decision made under the simple voting process and said record will be included in the minutes of said meeting.

In the following Figure, it is presented a general overview of all entities participating in the governance of the EDA model.

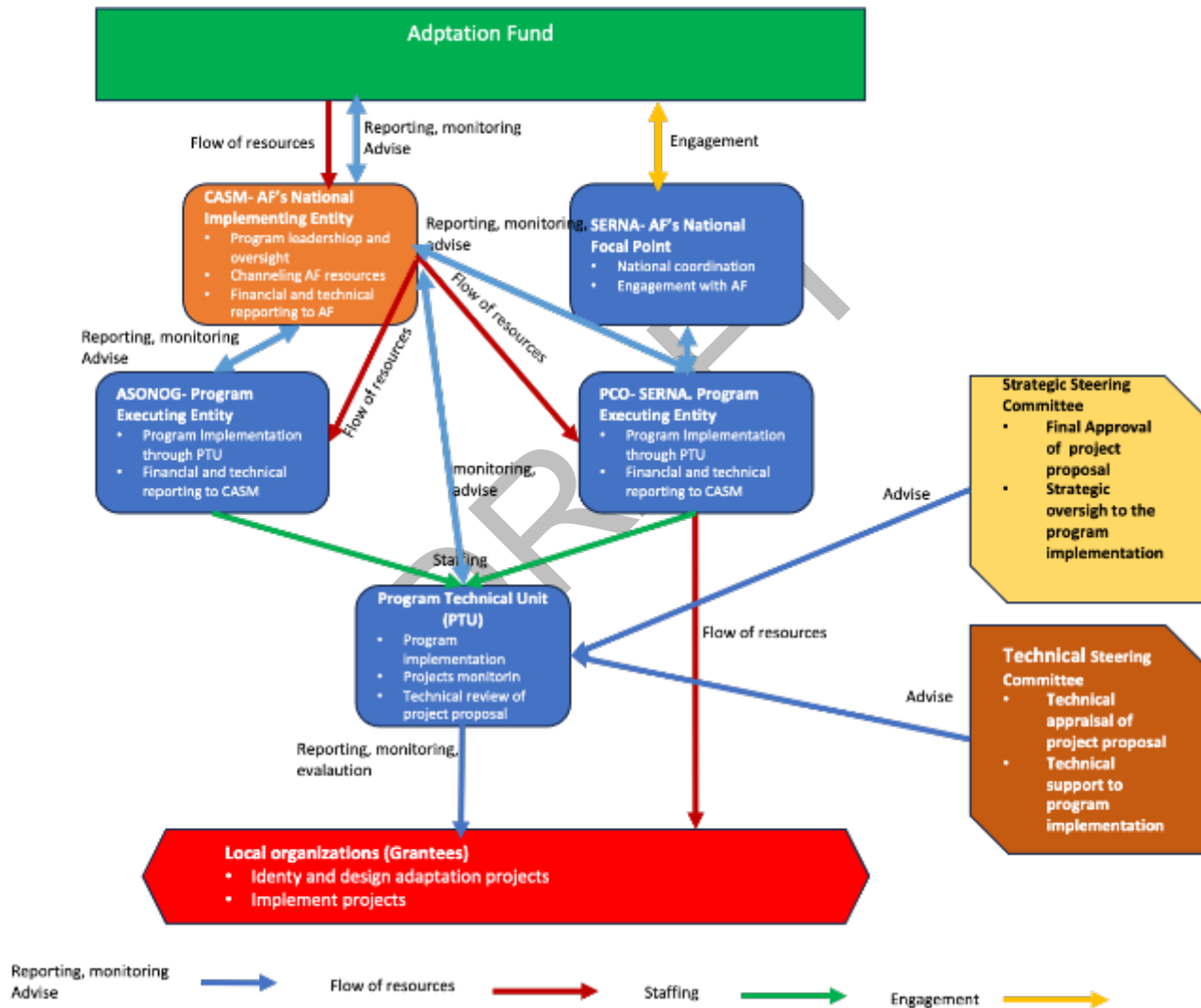


Figure 16. Organogram on roles and responsibilities of entities involved in the EDA model.

DRAFT

B. Describe the measures for financial and project / program risk management.**Table 8. List of identified program risks and mitigation strategies.**

| Identified risks | risk type | Risk assessment | Mitigation measures |
|--|------------------|------------------------|--|
| Institutional weakness of local entities | Institutional | Medium | The program includes a component to develop and strengthen the capacities of local entities |
| Few projects and their low quality. | Institutional | Medium | The program plans an intensive socialization process and will provide technical and financial resources to support the identification and formulation of climate change adaptation projects. |
| Lack of interest in participating from local populations | Social | Low | The consultations have confirmed that the actions provided for in the projects are a need expressed by the communities. Likewise, during the formulation of the projects, consultation processes will be carried out to guarantee effective participation and empowerment of the project by the communities. |
| Limited participation of women and excluded groups. | Social | Low | The activities of the program are designed to promote the participation and therefore access of women and other excluded groups to the benefits of the program. On the other hand, the program will prioritize the approval of projects that include women and other excluded groups in the indigenous and Afro-descendant communities in the program's area of influence. |
| Political interference in the approval of projects | institutional | low | The evaluation of the projects will be done with the participation of independent technical experts. Then, they will be approved by the Strategic Steering Committee, which will be made up of different key representatives for the program, effectively reducing any possibility of political interference in the allocation of program resources. |
| Presence of drug trafficking activities | Social | Medium | Program activities should not interfere at any time with illegal activities related to drug trafficking. On the other hand, CASM and the institutions executing the program have a lot of experience and systems in place that allow them to operate effectively in this environment. |

| | | | |
|--|---------------|-----|--|
| Limited presence of government institutions | Institutional | low | Precisely, the program will allow several of these institutions to access resources to increase their presence and respond to the needs of the population in terms of issues related to their vulnerability to climate change. |
| Expected climate benefits do not materialize | Financial | Low | The interventions will be defined with the communities to solve specific climate problems. In this sense, the benefits will be defined from the beginning of the project. |

C. Describe the measures for environmental and social risk management, in line with the Environmental and Social Policy and Gender Policy of the Adaptation Fund.

The program will guarantee compliance with the Environmental and Social Policy (ESP) and the Gender Policy of the Adaptation Fund through the following actions:

- Methodology for the application of the ESP and the gender policy in each of the projects. The program will develop a methodology that allows local entities to easily, quickly and uniformly apply the ESP and the Gender Policy of the Adaptation Fund during the formulation and execution of the projects.
- Training of Local Entities on ESP and Gender Policy of the Adaptation Fund and its application in the projects. Since the projects will be identified and designed by local entities, the program will train local entities in the application of the principles of the ESP and the Gender Policy for which it will make use of the methodology developed for the application of the ESP and Gender Policy by local entities.
- Project evaluation. The program will guarantee through the evaluation process of the projects that they comply with each and every one of the principles established in the ESP and the Gender Policy.
- Monitoring and Evaluation of Projects. The program will implement a Monitoring and Evaluation process in order to monitor and evaluate the execution of the activities of each project and compliance with the ESP and the Gender Policy.

An Environmental and Social Management Plan (ESMP) in Annex 6 to guarantee measures for environmental and social risk management are included and implemented across all USPs to be finance with AF resources.

The Grievance Mechanism.

CASM has established a structured Grievance Mechanism to facilitate an open channel for both internal and external parties to voice complains or provide feedback on CASM operations. This includes complains or feedback on the actions of our board, management team, technical and support staff, consultants, and all other individuals and entities associated with CASM activities. This system not only allows stakeholders to submit complaints, suggestions, and recommendations but ensures they are methodically logged, addressed, and resolved. Complains can encompass a range of issues including environmental, social, and gender-related impacts resulting from CASM's institutional programs and projects across varied operational areas, impacting different population groups or regions.

To bolster transparency and foster an open dialogue with stakeholders, CASM has laid out multiple communication avenues:

1. Office Suggestion Boxes:
 - Each CASM office features a secure, accessible suggestion box.
 - Equipped with paper and pencil for user convenience.
 - The box's key remains with the respective office management, while the main office's key is with the executive management.
2. Dedicated Complaints Email:
 - Direct feedback can be sent to: quejas@casm.hn.
 - This email is accessible to both our internal team and the public.
 - Messages are periodically reviewed by the executive management and the board's president.
3. Website Portal:
 - Visit our website, <https://casm.hn/contactanos>, for a dedicated section on submitting complaints.
4. Direct Communication:
 - Stakeholders can mail their inputs to P.O. Box 2757, San Pedro Sula.
 - For immediate communication, reach out to us at +504 9460-07-79.

The complaint submission process is confidential, and CASM ensures the identity of the complainant remains protected at all times.

The regional managers, along with the executive management and the board's president, spearhead the oversight and management of this feedback system, with the Management and Advisory Team (MAT) stepping in as necessary.

The mechanism delineates the entire process, from the receipt to resolution of concerns pertaining to CASM's operations.

The EDA program commits to integrating this mechanism into every subproject, ensuring all stakeholders are well-versed with its function and application.

- D. Describe the monitoring and evaluation arrangements and provide a budgeted M&E plan, in compliance with the ESP and the Gender Policy of the Adaptation Fund.**

The monitoring and evaluation system will be based on the indicators and means of verification defined in the Results Framework of the program and of each of the projects identified, designed, financed, and executed under the program. In this sense, the monitoring and evaluation of the program will be carried out at the level of the projects executed by each of the local executing entities that receive resources from the program and at the level of the Program.

At the level of the Projects executed by local entities.

The following activities will be carried out:

- The monitoring and evaluation system will be based on the indicators and means of verification defined in the Results Framework.
- **Logic framework.** Each project will have a logical framework that must include the products, results, and indicators broken down by sex, ethnicity, and age, with its baseline and proposed goal.
- **Quarterly reports.** Each local executing entity must present a technical and financial report detailing the physical and financial execution achieved during the quarter and the aggregate execution to date.
- **Financial audit.** For each project, an annual financial audit and a final audit will be carried out in order to confirm that the resources have been used to finance the activities proposed in the projects, the relevant accounting and financial standards have been followed, and the resources have been managed efficiently and efficiently.
- **Intermediate evaluation of the project.** Halfway through the planned execution period, an intermediate evaluation will be carried out, which will include a review of the progress in the technical and financial execution of the project, as well as a review of the level of satisfaction of the final beneficiaries with the results of the project. The midterm evaluation will be carried out by a firm and/or independent consultant hired by the PCO-SERNA for this purpose. The mid-term evaluation report must include the main findings and/or deviations in the project roadmap, a discussion of lessons learned and improvement actions and/or adjustments that have been agreed to carry out in the execution of the project. In the event that the proposed adjustments to the project as a result of the mid-term evaluation process,
- **Final evaluation of the project.** For each project, a final evaluation of the same will be carried out, which will focus on measuring the level of compliance with the products and goals of the project, as well as an evaluation of the level of satisfaction of the final beneficiaries regarding the results achieved by the project, the level of adoption of adaptation measures and how they are impacting their lives. The final evaluation report should identify the lessons learned and recommendations for the design and execution of future climate change adaptation projects.
- It is important to indicate that all the expenses related to the technical and financial monitoring and evaluation of the projects, with the exception of the expenses of the supervision visits, will be part of the resources assigned to each project, but will be executed directly by the PCO-SERNA.

At the Program level

Monitoring and evaluation of the program will be carried out through the following activities.

- **Preparation of quarterly and annual reports.** Every quarter and at the end of each year, CASM will coordinate the preparation of a report on the progress in the technical and financial execution of the program. Said report will be prepared based on input from each of the executing entities. Such reports shall include at least the following information:
 1. Progress in achieving the objectives and results of the project, including progress in meeting the goals for each indicator.
 2. Results achieved by the project during the period and accumulated.
 3. Learned lessons.
 4. Discussion on the challenges in the execution as well as the proposed adjustments in case they are required.
 5. Financial performance of the year.
 6. Annual work plan and budget for the following year.

The quarterly and annual reports will be sent for discussion and approval to the Program's Strategic Steering Committee. Once the annual report is approved, CASM will send the Adaptation Fund the annual report following the Fund's format.

- **Program supervision visits.** Periodic supervision visits to the program site will be made by the executing entities and the program implementing entity. These visits, whenever possible, may include the participation of members of the Strategic Steering Committee and/or the Adaptation Fund.
- **Financial audit.** The program will carry out an annual financial audit and a final audit in order to confirm that the resources have been used to finance the activities proposed in the projects, the relevant accounting and financial standards have been followed, and the resources have been managed properly. These audits will be discussed by the Strategic Steering Committee and subsequently shared with the Adaptation Fund.
- **Midterm evaluation of the program.** Halfway through the planned execution period, an intermediate evaluation will be carried out, which will include a review of the progress in the technical and financial execution of the project, as well as a review of the level of satisfaction of the final beneficiaries with the outcomes of the project. The midterm evaluation will be carried out by a firm and/or independent consultant hired by CASM for this purpose. Based on the outcomes of the evaluation, a midterm evaluation report will be prepared that will include the main findings and/or deviations in the project roadmap, a discussion on lessons learned and improvement actions and/or adjustments that have been agreed to be carried out in the execution of the project. In the event that the proposed adjustments to the project as a result of the mid-term evaluation process,
- **Final evaluation of the program.** CASM will hire a specialized consulting firm to carry out the final evaluation of the program with the objective of evaluating the level of compliance of its outputs, outcomes, and indicators. Likewise, it will rescue the lessons learned generated during its execution and the recommendations for the design of future interventions in the region or similar regions at the national and international level.

Finally, it is important to indicate that the midterm evaluation, final evaluation, annual audits, and final audit of the program must be carried out until the midterm evaluations, final evaluations, annual and final audits of the projects have been carried out, since these reports will serve as inputs for monitoring and evaluation activities at the program level.

Table 9. Monitoring and evaluation (M&E) plan and its budget

| Type of M&E activity | Responsible | Budget (US\$) | Time |
|--|--------------------------|-------------------------|--------------------------------------|
| Project Level | | | |
| Baseline of each project | Local executing entities | budget for each project | At the second year |
| Supervisory visits | PCO-SERNA | 69,000 | Every quarter |
| Annual and final project audits | PCO-SERNA | budget for each project | Every year and at the end of project |
| Quarterly and annual reports of each project | Local executing entities | budget for each project | every quarter |
| Mid-term evaluation for each project | PCO-SERNA | budget for each project | Halfway through the project |
| Final evaluation of each project | PCO-SERNA | budget for each project | 3 months after each project ends |
| Experience exchange workshops | ASONOG | 24,000 | Every year |
| Program Level | | | |
| Inception workshop | CASM | 10,000 | At the beginning |
| mid-term evaluation | CASM | 30,000 | Half term |
| Final evaluation of the program | CASM | 30,000 | 6 months after the program ends |
| Follow-up visit of the implementing entity | CASM | 20,000 | Semester |
| Annual and final external audit | CASM | 80,000 | Annual and at the end of the program |
| Total | | 263,000 | |

Gender Action Plan

A Gender Action Plan for the Program was prepared with the aim to guarantee the Women will participate in all activities of the Program and will also get real access to the benefits the Program will delivered. This plan was prepared with the inputs obtained through a participative and representative stakeholders consultation process carried out as part of the activities to design this program

Table 10. Gender Action Plan

| Components | Activities | Gender Assessment key issues | Indicators | Baseline | Target | Responsible |
|--|---|--|---|-----------------|---------------|--|
| Component 1. Development of institutional capacities of local entities for the design and execution of adaptation projects | Promotion of the program, identification, and selection of local entities | The political participation of women in local organizations is still limited, despite the key role they play in supporting their families and communities. Therefore, the EDA Program must create the required conditions to strengthen women capacity and provide them with necessary resources to effectively participate in the design and execution of adaptation projects in their communities. | % of women participating in the promotion events of the EDA Program. | 0% | 60% | ASONOG |
| | Implementation of the institutional development plans of the entities. | Therefore, the EDA Program must create the required conditions to strengthen women capacity and provide them with necessary resources to effectively participate in the design and execution of adaptation projects in their communities. | % of women staff participating in trainings. | 0% | 50% | ASONOG |
| | | | % of women organizations or women led local organizations are selected as project adaptation executing entity. | 0% | 50% | ASONOG |
| | | | % of local organizations trained on Gender tools, AF adaptation gender policy and tools to implement Gender Assessment for project design | 0% | 100% | ASONOG Local organizations implementing adaptation projects |

Annex 5 to OPG Amended in October 2017

| | | | | | | |
|--|---|---|---|-----|------|---|
| | | comply with AF Gender policy are limited or null. | | | | |
| Component 2. Review and approval of adaptation project proposals | Launch of the call for local entities to submit proposals for project concept notes under this. | Women, children, and older adults are the most vulnerable to repeating climate change and are the must unprepared to face them because they lack of appropriate water and sanitation systems, communities do not have proper drainage systems, proper school facilities, proper and equipped health centers, they lack of natural or physical barriers to reduce sea and/or lagoon water intrusion, and they do not have access to a source of income to allow them to save money for to face these emergencies | % of women participating in launch events of the Call for proposal to participate in the EDA Program. | 0% | 60% | PCO-SERNA |
| | | | % of local women organization or women led local organizations are submitting project proposals to the EDA Program. | TBD | 50% | PCO-SERNA Local organizations implementing adaptation projects |
| | Approval of the proposals by the Strategic | Women took most of the responsibility to deal with the problem before, during and | % of project proposals have a Gender Assessment and Gender Action Plan. | 0% | 100% | Local organizations implementing |

| | | | | | | |
|--|--|--|--|----|-----|--|
| | Steering Committee of the program. | after the emergency by protecting the whole family including children, older adults, and people with disabilities, and procuring them with shelter, food, clothes, medicine, water, and health attention. | | | | adaptation projects. PCO-SERNA |
| Component 3. Management of EDA Program donations to finance the implementation of climate change adaptation measures in the selected communities | Execution of disbursements to projects | Stress caused by climate change events exacerbates the level of violence the women suffer and put higher responsibilities in their shoulders because of the absence and irresponsibility of most of the men in caring and protecting their families. | % of women as beneficiaries in the adaptation project approved by the EDA Program related to provision of water and sanitation, health and education services, coastal protection, and drainage systems. | 0% | 60% | Local organizations implementing adaptation projects. PCO-SERNA |
| | Follow-up on the execution of the financed projects. | There are not enough employment opportunities for women in the communities. Furthermore, there | % of women are beneficiaries of adaptation projects to strength and/or create its sources of income to improve its economic and social empowerment and reduce its vulnerability. | 0% | 80% | Local organizations implementing adaptation projects. PCO-SERNA |

Annex 5 to OPG Amended in October 2017

| | | | | | | |
|--|---|--|--|----|-----|--------|
| | | are not sufficient conditions to promote women entrepreneurship since they do not have access to capacity building activities, credit nor markets. | | | | |
| Component 4. Management and development of knowledge about the execution of the Program. | International and national knowledge exchanges on adaptation measures | Limited participation of the women in knowledge development activities and its role normally is underestimated. | % of women participating in the knowledge exchanges | 0% | 60% | ASONOG |
| | Systematization of Case Studies on the program execution | | % of case studies showcasing the participation of the women in the execution of adaptation measures. | 0% | 80% | ASONOG |

- E. Include a results framework for the project proposal, including milestones, targets, and indicators, including one or more core outcome indicators of the Adaptation Fund Results Framework, and in compliance with the Gender Policy of the Adaptation Fund.

Table 11. Results Framework of the EDA Program.

[illegible]

| | | | | | | |
|--|---|---|---|--|---|-----------------|
| Outcome 1. Strengthened the institutional capacity of local entities for the design and implementation of projects that promote the implementation of adaptation measures to climate change. | | | | | | |
| Output 1.1. Local entities have the capacities to develop and implement project proposals to directly access financing for climate change adaptation measures. | ● Milestone 1. Strengthened local entities. | 0 | At least 20 local entities receiving technical assistance and training (at least 60% of the people trained are women) | Capacity development plans. | National local entities perceive the benefits of developing their capacities for the development and implementation of adaptation projects. | CASM/PC O-SERNA |
| | Output 1.1. Number of local organizations/people receiving technical assistance and training to strengthen their institutional capacities. | 0 | 50% of selected organizations as project executing entities are women organizations or women led local organization. | Reports on the implementation of capacity development plans. | | |
| | Output 1.2. Number of local organizations/individuals receiving technical assistance and training for the preparation and implementation of adaptation project proposals. | 0 | 100% of local organizations trained on Gender tools, AF adaptation gender policy and tools to implement Gender Assessment for project design. | Quarterly and annual technical reports | The executing entities of the program have the capacity to develop the capacities of local entities. | CASM/PC O-SERNA |
| Component 2. Review and approval of adaptation project proposals | | | | | | |
| Outcome 2. Improved governance at the national level for the climate change adaptation financing management process. | | | | | | |
| Output 2.1. Design of the bases of the | ● Milestone 2. Call for | 0 | 25 adaptation project | Resolutions of the Strategic | The project proposals submitted by | CASM/PC O-SERNA |

| | | | | | | |
|--|--|---|---|---|---|-----------------|
| call to submit project proposals for the implementation of adaptation measures to climate change prepared. | proposals launched. | 0 | proposals approved. | Steering Committee | local entities achieve the minimum score required to be approved. | |
| Output 2.2. Project proposals for the implementation of approved climate change adaptation measures. | <ul style="list-style-type: none"> Milestone 3. Contracts signed with local entities. | | 25 contracts signed with local entities. At least 50% are women or women lead local entities. | Signed contracts | Local entities comply with the fiduciary, environmental and social standards required by the AF | CASM/PC O-SERNA |
| Output 2.3. Grant contracts signed with local organizations for the execution of climate change adaptation projects. | Output 2.1. Number of adaptation project proposals approved by the Program's Strategic Steering Committee. Output 2.1. Number of contracts signed with local entities to finance adaptation projects. | 0 | 100% of project proposals have a Gender Assessment and Gender Action Plan. | | | |
| Component 3. Management of EDA Program grants to finance the implementation of climate change adaptation measures in the selected communities. | | | | | | |
| Outcome 3. Increased adaptive capacity of the health, education, water, sanitation, and drainage systems in the communities targeted by the program. | | | | | | |
| Outcome 4. Increased resilience of mangrove ecosystems in response to stress induced by climate change and variability. | | | | | | |
| Outcome 5. Strengthening and diversification of livelihoods and sources of income for vulnerable people, focusing on women in the area of influence of the program | | | | | | |
| Output 3.1. Vulnerable development sector services and | <ul style="list-style-type: none"> Milestone 4. Climate change adaptation projects | | The goals will be defined at the time of approval of | Monitoring and evaluation reports of individual | Communities take ownership of their projects. | CASM/PC O-SERNA |

| | | | | | | |
|---|---|-----|--|---|---|-----------------|
| infrastructure assets are strengthened in response to climate change impacts, including variability. | executed by local entities. | | each project. All goals will be disaggregated by gender, age, and ethnicity. | projects and the program case studies | The projects are executed in a timely manner by the local entities, complying with the fiduciary standards and the environmental and social safeguards of the AF. | CASM/PC O-SERNA |
| Output 4.1. Design and execute strategies and plans for the conservation, restoration, and reforestation of mangroves on the coasts and the lagoon system in the area of influence of the program. | The approved projects will be measured according to the following indicators: Output 3.1. Number of people who reduce their vulnerability to climate change because they have water and sanitation, health and education services that are resilient to floods caused by climate change. | TBD | At least 60% of the beneficiaries of the adaptation projects implemented by the EDA Program related to provision of water and sanitation, health and education services, coastal protection, and drainage systems are women. | Annual technical reports Intermediate and final evaluation reports | Project disbursements are made as scheduled. | CASM/PC O-SERNA |
| Output 5.1. Design and implementation of climate-smart agriculture projects and alternative income generation projects for vulnerable populations (women, the disabled, the elderly) with an orientation towards inclusive markets. | Output 4.1. Area (hectares) of conserved mangrove forest restored and reforested by the program. Output 5.1. Number of vulnerable people (80% women and 20% men) who diversify and increase their income. Output 5.1. Number of vulnerable people (80% women and 20% men) who apply sustainable agricultural practices. | TBD | | | | CASM/PC O-SERNA |

| Component 4. Management and development of knowledge for the implementation of adaptation measures to climate change. | | | | | | |
|--|---|---|----|---|--|-----------------|
| Outcome 6. Support the development and dissemination of innovative adaptation practices, tools and technologies. | | | | | | |
| Output 6.1. Innovative climate change adaptation measures are generated and/or replicated and/or scaled up at the subnational, national, and international levels. | Output 6.1. Number of adaptation measures, tools, and technologies that are generated, and/or replicated, and/or scaled at the subnational, national, and international levels. | 0 | 5 | Experience exchange reports | The program manages to mobilize knowledge generated in adaptation between the different projects | CASM/PC O-SERNA |
| | | 0 | 5 | Case study documents | | CASM/PC O-SERNA |
| | Output 6.2. Number of case studies developed based on the experience of the program. | 0 | 3 | Reports | | CASM/PC O-SERNA |
| | Output 6.3. Number of Knowledge Exchanges carried out. | 0 | 4 | Manuals, Methodologies, Guidelines | | CASM/PC O-SERNA |
| | Output 6.4. Number of Manuals. Includes methodologies, guidelines. | 0 | 20 | Technical Briefs, Factsheets. Videos, Infographics, Articles, among others. | | CASM/PC O-SERNA |
| | Output 6.5. Number of Communication Materials | 0 | 6 | PPT and recording of the webinar uploaded in YouTube | | CASM/PC O-SERNA |
| | Output 6.6. Number of webinars on the project results. | | | | | |

F. Demonstrate how the project / program aligns with the Results Framework of the Adaptation Fund.

Table 12. Alignment of the Program with the Results Framework of the Adaptation Fund.

| Project Objective (s)³ | Project Objective Indicator(s) | Fund Outcome | Fund Outcome Indicator | Grant Amount (USD) |
|--|---|--|---|---------------------------|
| Increase decentralized decision-making and financing for adaptation at the subnational level in Honduras | Number of people benefiting from direct access and the improved direct access modality for financing climate change adaptation measures. | Outcome 2. Institutional capacity to reduce risks associated with climate-induced economic and environmental losses strengthened. | Indicator 2.1. Increased capacity of staff to respond to and mitigate the impacts of climate-related events of the selected institutions. | \$4,000,000 |
| Project Outcome(s) | Project Outcome Indicator(s) | Fund Output | Fund Output Indicator | Grant Amount (USD) |
| Component 1. | | | | |
| Increased the preparation and capacity of national and subnational entities to directly access and program adaptation financing in Honduras. | Output 1.1. Number of local organizations/people receiving technical assistance and training to strengthen their institutional capacities. Output 1.2. Number of local organizations/individuals receiving technical assistance and training for the preparation and implementation of adaptation project proposals. | Outcome 2.2. Increased readiness and capacity of national and subnational entities to directly access and program adaptation finance | Indicator 2.2.1. Number of people benefiting from direct access and the improved direct access modality | \$77,000 |
| Component 2. Review and approval of adaptation project proposals | | | | |
| Improved governance at the | Output 2.1. Number of adaptation project proposals approved | Outcome 2.2. Increased readiness and capacity of | Indicator 2.2.1. Number of people benefiting | \$103,500 |

³The AF used OECD/DAC terminology for its results framework. Project proponents may use different terminology, but the overall principle should still apply.

| | | | | |
|--|---|--|---|-------------|
| national level for the climate change adaptation financing management process. | by the Program's Strategic Steering Committee. Output 2.2. Number of contracts signed with local entities to finance adaptation projects. | national and subnational entities to directly access and program adaptation finance | from direct access and the improved direct access modality | |
| Component 3. Management of EDA Program grants to finance the implementation of climate change adaptation measures in selected communities | | | | |
| Adaptation projects implemented at the local level | 3.1. Number of local entities receiving funds 3.2. Number of adaptation projects successfully implemented by local entities | Outcome 3. Strengthening of awareness and appropriation of the processes of adaptation and reduction of climate risks at the local level. Output. 3.2: Strengthening the capacity of national and subnational actors and entities to capture and disseminate knowledge and learning. Plus others depending on the projects that are financed Outcome 4. Increased adaptive capacity in relevant development sector services and infrastructure assets. Output 4. Vulnerable development sector services and | 3.2. Percentage of the target population applying appropriate adaptation measures. 3.2.1. Number of technical committees/associations formed to ensure knowledge transfer. Plus others dependent on the projects that are financed 4.1. Response capacity of development sector services to changing needs to new conditions resulting from climate variability and change (by sector and scale). | \$3,077,100 |

| | | | | |
|--|--|--|---|--|
| | | <p>infrastructure assets are strengthened in response to climate change impacts, including variability</p> <p>Outcome 5: Increased ecosystem resilience in response to stress caused by climate change and variability.</p> <p>Output 5: Ecosystem services and vulnerable natural resource assets strengthened in response to climate change impacts, including variability.</p> <p>Outcome 6. Diversification and strengthening of the livelihoods and sources of income of vulnerable people in specific areas.</p> <p>Output 6. Strengthened individual and community livelihood strategies targeted in relation to climate change impacts, including variability.</p> | <p>4.2. Improved physical infrastructure to withstand stress induced by climate change and variability.</p> <p>4.1.1. Number and type of development sector services modified to respond to new conditions resulting from climate variability and change (by sector and scale).</p> <p>4.1.2. Number of physical assets strengthened or built to resist conditions resulting from climate variability and change (by sector and scale)</p> <p>5. Ecosystem services and natural resource assets maintained or enhanced under stress induced by climate change and variability.</p> <p>5.1. Number of natural assets created, maintained or enhanced to withstand conditions</p> | |
|--|--|--|---|--|

| | | | | |
|---|---|---|---|----------|
| | | | <p>resulting from climate variability and change (by type and scale).</p> <p>6.1.1. Number and type of adaptation assets (tangible and intangible) created or strengthened in support of individual or community livelihood strategies.</p> <p>6.2.1. Type of source of income for the beneficiaries generated under the climate change scenario.</p> | |
| Component 4. Management and development of knowledge for the implementation of adaptation measures to climate change. | | | | |
| Management and development of knowledge, lessons learned | <p>4.1. Number of case studies</p> <p>4.2. Number of measures generated, replicated and/or escalated.</p> <p>4.3. EDA Program scaling proposal.</p> | <p>Outcome 8: I support the development and dissemination of innovative adaptation practices, tools and technologies.</p> <p>Output 8.1. Viable innovations are implemented, scaled up, fostered and/or accelerated</p> | <p>8. Innovative climate change adaptation measures are generated and/or replicated and/or scaled up at the subnational, national and international levels.</p> <p>8.1. Number of innovative adaptation practices, tools and technologies accelerated, scaled up and/or replicated</p> | \$79,000 |

Table 13. Key Impact Indicator of the Adaptation Fund.

The number of beneficiaries, including estimates for direct and indirect beneficiaries, are shown below.

| | |
|--------|--|
| | Indicator 2.2.1. Number of people benefiting from direct access and the improved direct access modality |
| Direct | 18,000 people identified who will be receiving direct benefits from the project. Of these, at least 60% are women. |

- G.** Include a detailed budget with budget notes, a budget on the Implementing Entity management fee use, and an explanation and a breakdown of the execution costs.

Project/programme eExecution costsFee

The project/programme execution costs of the PCO-SERNA and ASONOG project are detailed in Table 14 and represent 9.5% of the total cost of execution of the program.

Table 14. Detailed budget of project/program execution costs.

| Activities | units | No of Units | Cost per unit | Total | EE |
|--|----------|-------------|---------------|--------|--------|
| 1. Capacity development of local entities | | | | | |
| <i>1.1. Promotion of the Program, identification, and selection of local entities</i> | | | | | ASONOG |
| Promotion workshops in municipalities | lump sum | 2 | 2,000 | 4,000 | ASONOG |
| Monitoring and promotion meetings with communities and local entities | lump sum | 4 | 500 | 2,000 | ASONOG |
| Preparation and dissemination of promotional materials for radio, local and national TV, social networks | lump sum | 1 | 1,000 | 1,000 | ASONOG |
| Subtotal | | | | 7,000 | |
| <i>1.2. Training and technical assistance to local entities for their institutional strengthening</i> | | | | | |
| Elaboration of institutional diagnoses of the entities | lump sum | twenty | 500 | 10,000 | ASONOG |
| Development of institutional development plans for local entities | lump sum | 10 | 1,500 | 15,000 | ASONOG |
| Implementation of the institutional development plans of the entities | lump sum | 10 | 3,500 | 35,000 | ASONOG |
| Monitoring and evaluation of the execution of institutional development plans. | lump sum | 10 | 1,000 | 10,000 | ASONOG |
| Subtotal | | | | 70,000 | |

| | | | | | |
|--|---------------|---------|-------|---------------|-----------|
| Total cost of component 1. | | | | 77,000 | |
| 2. Review and approval of adaptation project proposals | | | | | |
| 2.1. Launch of the call to submit proposals for project concept notes | | | | | |
| Preparation of all the documentation required for the call | lump sum | 1 | 3,000 | 3,000 | PCO-SERNA |
| Preparation and dissemination of promotional materials for the call for radio, local and national TV and social networks | lump sum | 1 | 1,000 | 1,000 | PCO-SERNA |
| Public launch event of the call for proposals | lump sum | 1 | 3,000 | 3,000 | PCO-SERNA |
| Workshop for local entities to prepare climate change project proposals | lump sum | 1 | 6,000 | 6,000 | ASONOG |
| Subtotal | | | | 13,000 | |
| 2.2. Preparation of concept notes | | | | | |
| Workshop for local entities to prepare concept note proposals for climate change projects | lump sum | 1 | 7,000 | 7,000 | ASONOG |
| Follow-up on the preparation of concept notes by local entities | lump sum | 1 | 5,000 | 5,000 | ASONOG |
| Subtotal | | | | 12,000 | |
| 23. Evaluation of concept notes | | | | | |
| Meetings of the Technical Committee to evaluate the concept notes | lump sum | 3 | 500 | 1,500 | PCO-SERNA |
| Subtotal | | | | 1,500 | |
| 2.4. Preparation of full project proposals | | | | | |
| Preparation of risk and vulnerability assessment studies | Studies | 10 | 1,000 | 10,000 | ASONOG |
| Systematization of consultation processes with communities | Inquiries | fifteen | 500 | 7,500 | ASONOG |
| Gender evaluation studies and development of gender plans | Studies/plans | fifteen | 500 | 7,500 | ASONOG |
| Punctual technical assistance to local entities in the preparation of project proposals | proposals | fifteen | 1,000 | 15,000 | ASONOG |
| Subtotal | | | | 40,000 | |

| | | | | | |
|---|----------|---------|-----------|------------------|-----------|
| 2.5. Evaluation of project proposals | | | | | |
| Contracting of independent experts to evaluate the proposals | days | 80 | 250 | 20,000 | ASONOG |
| Technical Committee Meetings | lump sum | 3 | 500 | 1,500 | PCO-SERNA |
| Meeting of the Strategic Steering Committee to approve proposals | lump sum | 3 | 1,000 | 3,000 | PCO-SERNA |
| Due diligence of local entities | lump sum | fifteen | 500 | 7,500 | PCO-SERNA |
| Subtotal | | | | 32,000 | |
| 2.6. Signing of contracts with local entities | | | | | |
| Public contract signing events | lump sum | 10 | 500 | 5,000 | PCO-SERNA |
| Subtotal | | | | 5,000 | |
| Total cost of component 2. | | | | 103,500 | |
| 3. Management of EDA Fund grants | | | | | |
| 3.1. Financing of Adaptation Projects | | | | | |
| Window 1. Infrastructure resilient to climate change (US\$50-US\$300K per project) | lump sum | 1 | 2,000,000 | 2,000,000 | PCO-SERNA |
| Window 2. Climate Smart Agriculture and Diversification of Livelihoods. (US\$40-US\$120K per project) | lump sum | 1 | 1,054,600 | 1,054,600 | PCO-SERNA |
| Subtotal | | | | 3,054,600 | |
| 3.2 Monitoring of project execution | | | | | |
| External consultant for training local entities for project execution (M&E, Financial Management, EIA, Gender). | days | 30 | 500 | 15,000 | ASONOG |
| Execution of workshops | lump sum | 2 | 3,000 | 6,000 | ASONOG |
| Bank transfer costs | lump sum | 1 | 1,500 | 1,500 | PCO-SERNA |
| Subtotal | | | | 22,500 | |
| Total cost of component 3. | | | | 3,077,100 | |
| 4. Development and management of knowledge about the execution of the EDA program | | | | | |
| 4.1. National/international exchange workshops on the implementation of climate | lump sum | 1 | 12,000 | 12,000 | ASONOG |

| | | | | | |
|--|----------|----|--------|------------------|--------------------|
| change adaptation measures | | | | | |
| 4.2. Workshops for the exchange of experiences and lessons learned between the local entities participating in the program | lump sum | 2 | 6,000 | 12,000 | ASONOG |
| 4.3. Systematization of Case Studies on experiences and lessons learned from the EDA program | lump sum | 5 | 7,000 | 35,000 | ASONOG |
| 4.4. Design and Execution of the Communication Strategy of the Program | lump sum | 1 | 20,000 | 20,000 | ASONOG |
| Total cost of component 4. | | | | 79,000 | |
| Project/programme activities Total project cost | | | | 3,336,600 | |
| 5. Project/programme execution Management Costs | | | | | |
| EDA Program Manager (focus on management and management of funds) | months | 36 | 2,200 | 79,200 | PCO-SERNA |
| Deputy manager of the EDA program focus on climate finance | months | 24 | 1,800 | 43,200 | ASONOG |
| Investment officer for climate change adaptation projects | months | 24 | 1,500 | 36,000 | PCO-SERNA |
| Specialist in Environmental and Social Safeguards | months | 30 | 1,500 | 45,000 | PCO-SERNA |
| Organizational Development Specialist | months | 24 | 1,000 | 24,000 | ASONOG |
| Program Monitoring and Evaluation Officer | months | 24 | 1,000 | 24,000 | PCO-SERNA |
| administrative officer | months | 36 | 700 | 25,200 | PCO-SERNA |
| Program support (HR, Procurement, legal, finance, IT, software) | months | 36 | 1,500 | 54,000 | PCO-SERNA / ASONOG |
| Local office cost | months | 36 | 550 | 19,800 | PCO-SERNA |
| Total cost of the Project/programme execution cost Management Costs component. | | | | 350,400 | |
| | | | | 9.50% | |
| Total project/programme cost TOTAL | | | | 3,687,000 | |

Implementing Entity ~~management~~ fee

Table 15. Implementing Entity Fee

| Project Cycle Implementing Entity Management Fee | units | No of Units | Cost per unit | Total |
|---|--------------|--------------------|----------------------|----------------|
| <i>Commission for Program Management</i> | lump sum | 1 | 87,000 | 87,000 |
| Inception Workshop | Lump sum | 1 | 10,000 | 10,000 |
| Training for monitoring the implementation of the ESMF and gender inclusion | lump sum | 1 | 10000 | 10,000 |
| Technical assistance in the implementation of the program | days | 60 | 600 | 36,000 |
| Meetings of the strategic steering committee of the program | lump sum | 10 | 1,000 | 10,000 |
| Midterm evaluation of the program | lump sum | 1 | 30,000 | 30,000 |
| Final evaluation of the program | lump sum | 1 | 30,000 | 30,000 |
| <i>Follow-up visits to the CASM program</i> | lump sum | twenty | 1,000 | 20,000 |
| Annual and final audits | lump sum | 4 | 20,000 | 80,000 |
| <i>Total Implementing Entity FeeOTAL</i> | | | | 313,000 |
| | | | | 8.49% |

The ~~implementing entity project management~~ fee (8.49% of the total ~~Project/programme execution program costs~~) will be used by CASM, the National Implementing Entity, to cover the costs of providing general management and financial support for program execution, as well as the reporting process to the Fund. Adaptation on the technical and financial execution of the program.

Table 15 presents a detail of the estimated costs of CASM in the role of national implementing entity to carry out the general management of the implementation of this program.

Budget Notes:

1. ~~Implementing Entity Project Management~~ Fees. This includes the following:
 - a. Follow-up and monitoring of the execution of the executing entities.
 - b. Support in the review of proposals related to compliance with fiduciary standards, technical criteria.
 - c. General advice on the execution of the program
 - d. Support to the executing entities in compliance with the requirements on financial and technical reports to the Adaptation Fund.
 - e. Management of the relationship with the Adaptation Fund, ensuring that the execution of the program is aligned with the proposal and the results framework of the Adaptation Fund.
 - f. Quality assurance of final program documents
2. Financial management. This covers the monitoring of financial management and quality control by CASM:
 - a. Ensure compliance with fiduciary standards and internal control processes.

- b. Follow-up on the budgetary execution of the AF resources in accordance with the agreed work plans and budgets.
 - c. It is necessary to ensure that financial management practices comply with the regulations of the Adaptation Fund and support in audits.
 - d. Ensure that reports comply with the requirements of the Adaptation Fund
3. Strategic Steering Committee. CASM will lead and coordinate the actions of the Strategic Steering Committee related to quarterly meetings and decision-making on the approval of project proposals. Likewise, it will support the program's technical steering committee.

There is some budget allocation for the implementation for the ESMP to ensure compliance with Adaptation Fund Policy. Despite these costs are already included in the general budget, it is provided separately for additional information below in table 16.

Table 16. ESMF and Gender Budget

| Components and activities | Budget (US\$) |
|--|----------------------|
| <i>1. Capacity development of local entities</i> | |
| Implementation of the institutional development plans of the entities. Includes project design, AF's Environmental and Social Safeguards lump sum | 35,000 |
| <i>2. Review and approval of adaptation project proposals</i> | |
| Preparation of full project proposals. Includes risks and vulnerability assessments, consultations process with communities, gender assessments, inclusion of ESP and GP | 40,000 |
| <i>3. Management of EDA Fund Grants</i> | |
| Monitoring of project execution. External consultant for training local entities for project execution (M&E, Financial Management, EIA, Gender). | 15,000 |
| Program Level | |
| Specialist in Environmental and Social Safeguards | 45,000 |
| Program Monitoring and Evaluation Officer months | 24,000 |
| Technical assistance in the implementation of the program | 10,000 |
| Follow visits of CASM | 20,000 |
| Training for monitoring the implementation of the ESMF and gender inclusion | 10,000 |
| TOTAL | 199,000 |

H. Include a disbursement schedule with time-bound milestones.

Table 17. Disbursement Schedule

| Disbursements | First | Second | Third | Fourth | Fifth | Total |
|-----------------------------------|----------------|------------------|------------------|----------------|----------------|------------------|
| Date | July 15, 2024 | July 15, 2025 | July 15, 2026 | July 15, 2027 | July 15, 2028 | |
| Project/programme activities cost | 527,710 | 942,880 | 1,230,840 | 327,460 | 307,710 | 3,336,600 |
| Project/programme execution cost | 70,080 | 70,080 | 70,080 | 70,080 | 70,080 | 350,400 |
| Implementing Entity Fee | 62,600 | 62,600 | 62,600 | 62,600 | 62,600 | 313,000 |
| Total | 660,390 | 1,075,560 | 1,363,520 | 460,140 | 440,390 | 4,000,000 |

Table 18. Table of disbursements and achievement of milestones

| Years | Year 1 | | | | Year 2 | | | | Year 3 | | | | Year 4 | | | |
|--|--------|------|-----|------|--------|-----|-----|-----|--------|-----|-----|-----|--------|------|------|------|
| Activities | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| 1. Development of institutional capacities of local entities for the design and execution of adaptation projects | | | | | | | | | | | | | | | | |
| 1.1.Promotion of the program, identification, and selection of local entities | | | | | | | | | | | | | | | | |
| 1.2.Implementation of the institutional development plans of the entities | | 25% | | 100% | | | | | | | | | | | | |
| Milestone 1. Local Entities Strengthened | | | | X | | | | | | | | | | | | |
| 2. Review and approval of adaptation project proposals | | | | | | | | | | | | | | | | |
| 2.1.Preparation of the process for the call to submit proposals for project concept notes. | | | | | | | | | | | | | | | | |
| 2.2. Launch of the call for local entities to submit proposals for project concept notes under this program. | | 100% | | | | | | | | | | | | | | |
| Milestone 2. Call for Proposals Launched | | X | | | | | | | | | | | | | | |
| 2.3.Evaluation of project concept note proposals | | | | | | | | | | | | | | | | |
| 2.4.Preparation of Complete Project Proposals. | | | | | | | | | | | | | | | | |
| 2.5.Technical evaluation of full project proposals. | | | | | | | | | | | | | | | | |
| 2.6.Due Diligence of local entities | | | | | | | | | | | | | | | | |
| 2.7.Approval of the proposals by the Strategic Steering Committee of the program. | | | | | | | | | | | | | | | | |
| 2.8.Negotiation of contract conditions and conditions prior to signing. | | | | | | | | | | | | | | | | |
| 2.9.Contract signing. | | 25% | | 100% | | | | | | | | | | | | |
| Milestone 3. Contracts Signed with Grantees | | | | X | | | | | | | | | | | | |
| Management of EDA Program Grants to finance the implementation of climate change adaptation measures in the selected communities | | | | | | | | | | | | | | | | |
| 3.1.Execution of disbursements to projects. | | | | | 15% | | 30% | | 50% | | 75% | | | 100% | | |
| 3.2.Follow-up on the execution of the financed projects. | | | | | 15% | | 30% | | 50% | | 75% | | | 100% | | |
| Milestone 4. Adaptation projects executed for local entities | | | | | | | | | | | | | | X | | |
| 4. Management and development of knowledge about the execution of the Program | | | | | | | | | | | | | | | | |
| 4.1.National/international exchange workshops on the implementation of climate change adaptation measures | | 10% | 40% | 80% | 100% | | | | | | | | | | | |
| 4.2.Knowledge exchanges between local executing entities on the implementation of adaptation measures in the area of influence of the program. | | | | | | 10% | | | 30% | | | 70% | | 100% | | |
| 4.3.Systematization of Case Studies on experiences and lessons learned from | | | | | | | 10% | | 30% | | 60% | | | 100% | | |
| 4.4.Design and execution of a communication strategy for the EDA program | | 5% | | 15% | | 30% | | 40% | | 60% | | 80% | | | 100% | |
| Milestone. Mid-term Impact Evaluation completed. | | | | | | | | X | | | | | | | | |
| Milestone. Final Impact Evaluation completed | | | | | | | | | | | | | | | | X |
| 5. Project/programme execution cost | | 5% | | 25% | | | | 50% | | | | 75% | | | | 100% |

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

A. Record of endorsement on behalf of the government⁵

Provide the name and position of the government official and indicate date of endorsement. If this is a regional project/program, list the endorsing officials all the participating countries. The endorsement letter(s) should be attached as an annex to the project/program proposal. Please attach the endorsement letter(s) with this template; add as many participating governments if a regional project/program:

| | |
|---|----------------------|
| <i>His Excellency Lucky Halach Medina Estrada</i> <i>Secretary of State, Secretary of Natural Resources and Environment</i> | Date: July, 18, 2023 |
|---|----------------------|

B. Implementing Entity certification

Provide the name and signature of the Implementing Entity Coordinator and the date of signature. Also provide the project/program contact person's name, telephone number and email address

| | |
|--|---|
| PhD. Nelson Garcia Lobo | |
| Implementing Entity Coordinator | |
|   | |
| Date: August, 07, 2023 | Tel. +504 99950256 email: direccion@casm.hn |
| Project Contact Person: Noel Landaverde | |
| Tel. +504 32542355 Email: coordinacioncolon@casm.hn ; programas@casm.hn | |

PART V: PROGRAM ANNEXES

Annex 1. Non-Objection Letter from the Government of Honduras



ADAPTATION FUND

Letter of Endorsement by Government

Honduras

July 18th, 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 the Direct Access Program for financing climate change adaptation projects to increase the adaptive capacity and climate resilience of indigenous and Afro-descendant communities in the marine-coastal region of the municipalities of Juan Francisco Bulnes and Brus Laguna in Honduras.

In my capacity as designated authority for the Adaptation Fund in Honduras, I confirm that the above national grant proposal is in accordance with the government's national priorities in implementing adaptation activities to reduce adverse impacts of, and risks, posed by climate change in the Mosquitia region located in the Department of Gracias a Dios in Honduras.

Accordingly, I am pleased to endorse the above grant proposal with support from the Adaptation Fund. If approved, the project will be implemented by the Comisión de Acción Social Menonita, and the following executing entities, the Secretary of Natural Resources, and Environment, and the Asociación de Organismos No Gubernamentales de Honduras.



Sincerely,

His Excellency Lucky Hatach Medina Estrada
Secretary of State, Secretary of Natural Resources, and
Environment.

Annex 2. Guidelines to assess the financial and organizational capacities of the potential local executing entities of the EDA Program.

Guidelines⁴ to assess the financial and organizational capacities of the potential local executing entities of the EDA Program.

Pillar-1: Organization and Legal Framework

| # | Type of Supporting Documents | Document/File Name | Attachment # |
|---|---|--------------------|--------------|
| 1 | Legal registration of the entity and/or founding legal document, Charter etc. This may be a statute/government Order/Memo, or any Founding/Creation document issued by the competent authority. | Type here | Type here |
| 2 | Constitution / Articles of Incorporation of the Organization / Entity | Type here | Type here |
| 3 | Latest Annual Report(s) of the Organization / Entity | Type here | Type here |

Pillar-2: Structure and Culture, including considerations on Code of Conduct and Ethics

| # | Type of Supporting Documents | Document/File Name | Attachment # |
|---|---|--------------------|--------------|
| 4 | Organizational Structure/Chart, Organogram; governance, etc. <ul style="list-style-type: none"> Please provide a brief elaboration on the hierarchy; reporting lines between key units/divisions/departments | Type here | Type here |
| 5 | Management Structure <ul style="list-style-type: none"> Identifying and elaborating on key Units, including Internal Audit Function. Roles and responsibilities of key unit staff | Type here | Type here |
| 6 | Operations and/or Administrative Manual (including Financial roles/functions) Policies, Procedures, SOPs <ul style="list-style-type: none"> If the Applicant follows Governments' and/or any other Organization's regulations / policies in lieu of its own, then those governing documents should be provided/referred. | Type here | Type here |
| 7 | HR Policies, Procedures, Manual, SOP etc. <ul style="list-style-type: none"> If the Applicant follows Governments' and/or any other Organization's regulations / policies in lieu of its own, then those governing documents should be provided/referred. | Type here | Type here |
| 8 | Code of Conduct or the Organization & Ethical Standards for Staff/Personnel <ul style="list-style-type: none"> Does it follow any own code of conduct or does it follow the one from another organization? explain | Type here | Type here |

Pillar-3: Financial Management, including Management of Risk

⁴ This is just an example taken from another funder. During the start of the program the final template will be developed.

| # | Type of Supporting Documents | Document/File Name | Attachment # |
|--|--|--------------------|--------------|
| 9 | Financial Management Manual, Accounting Policies & Guidelines, SOP etc. | Type here | Type here |
| 10 | Main Accounting policies of the Entity; and Accounting Software used/adopted. <ul style="list-style-type: none"> This should be elaborated upon in Section 3.1 & 3.2 of the Self-Assessment If the Applicant follows Governments' and/or any other Organizations' regulations / policies in lieu of its own, then those governing documents should be provided/referred. | Type here | Type here |
| 11 | Internal Control Framework (ICF), including procedures against Fraud & Corruption. <ul style="list-style-type: none"> If there is no specific Policy/SOP related to ICF, then please provide other relevant documents re: internal control of the Organization | Type here | Type here |
| 12 | Internal Audit Reports (past two years) <ul style="list-style-type: none"> If there is no 'Internal Audit' department/unit, please provide any other relevant document (if have any) as to how the internal control oversight is done | Type here | Type here |
| 13 | Annual Financial Statements or Certified Financial Statements of the past two years (including Notes to Finance by the Auditor) <ul style="list-style-type: none"> All applicants are required to submit Statutory or External Audit Reports; Donor funded project audit reports are welcomed in addition to external audit reports. Balance sheet statement Profit and loss statement Pash flow statements | Type here | Type here |
| 14 | External Audit Reports (past two years) conducted by Government / Statutory Department, or | Type here | Type here |
| fifteen | Fiduciary assessment report(s) <ul style="list-style-type: none"> Please reference major findings and recommendations sections | Type here | Type here |
| 16 | General Anti-Money Laundering (AML) and Combating Finance of Terrorism (CFT) Policies, Practices and Procedures <ul style="list-style-type: none"> If the Applicant follows Governments' and/or any other Organizations' regulations / policies in lieu of its own, then those governing documents should be provided/referred. | Type here | Type here |
| Pillar-4: Procurement Policies and Procedures | | | |
| # | Type of Supporting Documents | Document/File Name | Attachment # |
| 17 | Procurement Manual, Policies and Procedure, SOP etc. <ul style="list-style-type: none"> If the Applicant follows Governments' and/or any other Organization's regulations / policies in lieu of its own, then | Type here | Type here |

| | | | |
|----|---|-----------|-----------|
| | those governing documents should be provided/referred. | | |
| 18 | Delegation of Authority / Financial Thresholds <ul style="list-style-type: none"> Please ensure to include this in Section 4.2 of the Self-Assessment | Type here | Type here |
| 19 | Conflict of Interests (COI) Policy <ul style="list-style-type: none"> Procurement process and related areas | Type here | Type here |

Pillar-5: Program / Project Management

| # | Type of Supporting Documents | Document/File Name | Attachment # |
|------------|---|--------------------|--------------|
| twenty | Program / Project Management Manual, Policies, Procedures. <ul style="list-style-type: none"> If the Applicant follows Governments' and/or any other Organization's regulations / policies in lieu of its own, then those governing documents should be provided/referred. | Type here | Type here |
| twenty-one | Monitoring and Evaluation Policies, Procedures, and Guidelines <ul style="list-style-type: none"> If the Applicant follows Governments' and/or any other Organization's regulations / policies in lieu of its own, then those governing documents should be provided/referred. | Type here | Type here |
| 22 | Track record of the past and/or ongoing project(s) the Organization implemented including Results/Outcomes. <ul style="list-style-type: none"> Non-exhaustive list of projects, rather, please present relevant/recent projects within the past 5 years | Type here | Type here |
| 23 | External evaluation(s) / assessment(s) of past or ongoing Projects and Program (if any) | Type here | Type here |
| 24 | Risk Assessment and Risk Management Policies of the Organization (if any) <ul style="list-style-type: none"> If the Applicant follows Governments' and/or any other Organization's regulations / policies in lieu of its own, then those governing documents should be provided/referred. | Type here | Type here |
| 25 | CVs of key Finance and Project staff <ul style="list-style-type: none"> CVs should be provided for personnel that are to be involved/associated with projects to be funded by the Program | Type here | Type here |

Annex 3. Project Concept Note template Example⁵ v.1

Project Title: _____

municipality: _____

Community _____

Local Executing Entity: _____

Date of first submission/
version number: [YYYY-MM-DD] [V.0]

Date of current submission/
version number [YYYY-MM-DD] [V.0]

The proposal will not exceed 12 pages plus annexes.

⁵ This is just an example taken from another funder. During the start of the program the final template will be developed.

| A. Project Summary (max. 1 page) | | | |
|--|---|---|---|
| A.1. Project or program | <input type="checkbox"/> projects | A.2. Public, CSO or private sector | <input type="checkbox"/> Public sector <input type="checkbox"/> Private sector <input type="checkbox"/> CSO |
| A.3. Indicate the result areas for the project | Adaptation: Increased resilience of: <input type="checkbox"/> Agriculture and livelihoods <input type="checkbox"/> Zone Coastal Management <input type="checkbox"/> infrastructure <input type="checkbox"/> Ecosystem and ecosystem services <input type="checkbox"/> others | | |
| A.4. Estimated adaptation impact (number of direct beneficiaries and % of population) | | | |
| TO 5. Indicative total project cost | Amount: USD _____ | A.6. Indicative funding requested to the Project | Amount: USD _____ |
| A.7. Estimated duration of project: | disbursement period: | A.8. Estimated project lifespan | This refers to the total period over which the investment is effective. |
| A.09. Project rationale, objectives and approach of program/project (max 100 words) | Brief summary of the problem statement and climate rationale, objective and selected implementation approach, including the executing entity (IES) and other implementing partners. | | |

| B. Project Information (max. 8 pages) | |
|--|--|
| B.1. Context and baseline (max. 2 pages) | |
| <p><i>Describe the climate vulnerabilities and impacts, and adaptation needs that the prospective intervention is envisaged to address.</i></p> <p><i>Please indicate how the project fits in with the country's national priorities and its full ownership of the concept. Is the project/program directly contributing to the country's INDC/NDC or national climate strategies or other plans such as the NAP? If so, please describe which priorities identified in these documents the proposed project is aiming to address and/or improve.</i></p> <p><i>Describe the main root causes and barriers (social, gender, fiscal, regulatory, technological, financial, ecological, institutional, etc.) that need to be addressed.</i></p> <p><i>Where relevant, and particularly for private sector project/program, please describe the key characteristics and dynamics of the sector or market in which the project/program will operate.</i></p> | |
| B.2. Project description (max. 3 pages) | |
| <p><i>Describe the expected set of components/outputs and subcomponents/activities to address the above barriers identified that will lead to the expected outcomes.</i></p> | |

In terms of rationale, please describe the theory of change and provide information on how it serves to shift the development pathway toward a more low-emissions and/or climate resilient direction, in line with the Fund's goals and objectives.

Describe how activities in the proposal are consistent with national regulatory and legal framework, if applicable.

Describe in what way the local executing entity is well placed to undertake the planned activities and what will be the implementation arrangements with the executing entity and implementing partners.

Please provide a brief overview of the key financial and operational risks and any mitigation measures identified at this stage.

B.3. Expected project results aligned with the investment criteria of the EDA Program (max. 3 pages)

- **Impact Potential.** This criterion will evaluate the impact potential that the project proposal has to generate a concrete and measurable impact in increasing the resilience and/or reducing the vulnerability of communities and their inhabitants to climate change.
- **Potential to generate additional economic, social and environmental benefits.** Will evaluate the potential of the project to generate tangible and measurable economic, social and environmental benefits in the target population of the project.
- **Alignment with the policies and strategies, plans and commitments of the country, as well as national legislation.** This criterion will guarantee that the adaptation measures proposed in the project are aligned with the adaptation measures proposed in component 3 of the program and therefore aligned with the policies, strategies, plans and international commitments and legislation of the country in question. Terms of climate change adaptation.
- **Alignment with the environmental and social policy and gender policy of the Adaptation Fund.** All project proposals must ensure that their activities are aligned with the environmental and social policy, as well as the gender policy of the Adaptation Fund and that it has the necessary mechanisms and tools to guarantee compliance during the execution of the project.
- **Value for Money.** This criterion evaluates the profitability of the investment to be made in the financing of the project. Specifically, the efficiency and effectiveness of the interventions proposed in the project will be evaluated.

C. Indicative Financing/Cost Information (max. 3 pages)

C.1. Financing by components (max ½ page)

Please provide an estimate of the total cost per component/output and disaggregate by source of financing.

| Component/Output | Indicative cost (USD) | EDA Program financing | | Co-financing if Any | | |
|------------------------------------|-----------------------|-----------------------|----------------------|---------------------|----------------------|-----------------------|
| | | Amount (USD) | Financial Instrument | Amount (USD) | Financial Instrument | Names of Institutions |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| Indicative total cost (USD) | | | | | | |

For private sector proposal, provide an overview (diagram) of the proposed financing structure.

C.3. Sustainability and replicability of the project (exit strategy) (max. 1 page)

Please explain how the project sustainability will be ensured in the long run and how this will be monitored, after the project/program is implemented with support from the EDA Program

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