



ADAPTATION FUND

AFB/PPRC.33/46
1 April 2024

Adaptation Fund Board

**REQUEST FOR CHANGE IN PROJECT OUTPUTS
AND TARGET SITES: DEVELOPMENT BANK OF
LATIN AMERICA (ARGENTINA, URUGUAY)**

Background

1. During the intersessional period between the thirty-third and thirty-fourth meeting, the Adaptation Fund Board (the Board) approved through Decision B.33-34/27 a four-year project titled "Climate change adaptation in vulnerable coastal cities and ecosystems of the Uruguay River" in Argentina and Uruguay submitted by the Development Bank of Latin America (CAF), for a requested amount of US\$ 13,999,996. The overall objective of the project is to build resilience in the vulnerable coastal cities and ecosystems of the lower Uruguay river by developing instruments, tools and experiences for climate change adaptation planning and implementation as well as climate risk management. As mandated by the decision, an agreement was prepared and signed between the Board and CAF.
2. The first tranche of disbursement for the implementation of the project for a total amount of US\$ 2,799,999, was released following signature of the grant agreement on 12 December 2019. The project held its inception workshop on 4 August 2021.
3. On 11 July 2023, CAF shared a request for change in project outputs and target sites with the secretariat, together with endorsement letters from the Designated Authorities for Argentina and Uruguay. Such letters are provided as annex 1 of this document. Responding to clarification requests from the secretariat, CAF has submitted additional documents and information in November 2023 and February 2024.

Suggested change in project outputs

4. CAF has summarized the reasons behind such a request for change in a justification note. The note is provided as annex 2 of this document. According to this document, the request for change in project outputs¹ submitted by CAF would consist in:
 - (i) Canceling activity 7.2 in Uruguay ("Resignification and renovation of vacant, flood-prone lots after resettlements in Atahualpa area") and allocating the corresponding budget to activity 7.3 (similar activity as 7.2., but in a different location). The justification provided for this change in output is that a risk of involuntary resettlement, unidentified by CAF at the time of project approval, arose during implementation. With the reallocation of funds, activity 7.3 will gain in resignification surface, from 3,000m² to 38,000m² and in employment generation from 20 positions with 30% women employees, to 35 positions with 30% women employees.
 - (ii) Canceling activity 7.5 in Uruguay ("Risk prevention and evacuees care Centre") and allocating its budget to activity 7.6 ("Resignification of flood prone high-risk public spaces recovered from irregular residential occupation"). The justification provided for this change in output is that the population at risk was recently relocated, which makes the output not relevant anymore. With the reallocation of funds, the activity 7.6 will gain in resignification surface, from 20,000m² to 35,000m² and in terms of generations of employment from 10 jobs with 30% women employees, to 20 jobs with 30% women employees.

¹ Please note that even though the term "activity" is used for easier reference to the original proposal, the "activities" mentioned in the subsequent paragraphs are actually "outputs", as per definitions from the Organization for Economic Co-operational and Development (OECD).

(iii) Changing activity 7.8 project sites in Argentina (“Remediation and re-signification of vacant areas between *Defensa Norte* and *Barrio Cantera 25 de Mayo*”). The justification provided for this change is that the project decided to carry out this activity in a different site in the same city because of certain restrictions associated with increased urban waterproofing and greater runoff in storm drains.

5. CAF has committed to monitor any unanticipated Environmental and Social Policy-related risks that may arise from the proposed change in project location for activity 7.8 through quarterly reports submitted by the Executing Entity and ad-hoc site visits, and to consult with local communities during field missions once a year and during evaluation periods.

6. Should such request be approved, the indicators and targets would remain the same as initially planned, given that any change in targets and/or indicators beyond the first PPR is not allowed by paragraph 12 of the Annex 7 of the Operational Policies and Guidelines.

Secretariat’s review of the request

7. The proposed changes do not imply a material change since the cumulative total budget change at output-level between the revised budget and the original budget is less than 10% of the project’s total budget. In addition, the secretariat acknowledges that this request has been endorsed by the Designated Authorities in Argentina and Uruguay (see annex 1) and that the proposed change have been approved by relevant national stakeholders from both countries (see annex 2).

8. Therefore, following a review of the explanations provided by CAF, the secretariat finds that the request could be recommended for approval, in line with provisions set forth in paragraph 10 of the Annex 7 of the Fund Operational Policies and Guidelines.

Recommendation

9. Having considered document AFB/PPRC.33/46, the PPRC may wish to consider and recommend to the Board to approve the change in project outputs and target site for the project “Climate change adaptation in vulnerable coastal cities and ecosystems of the Uruguay River” as requested by the Development Bank of Latin America (CAF).

Annexes

- 1) Letters of endorsement from the Designated Authorities for Argentina and Uruguay
- 2) Justification sent by CAF on the request for change in project outputs

Annex 1 - Letters of endorsement from the Designated Authorities for Argentina and Uruguay



República Argentina - Poder Ejecutivo Nacional
1983/2023 - 40 AÑOS DE DEMOCRACIA

Nota

Número: NO-2023-/1546082-APN-DGPFEYCI#MAD

CIUDAD DE BUENOS AIRES
Jueves 22 de Junio de 2023

Referencia: Letter of Endorsement for Material Change of the Regional Project " Climate Change adaptation in vulnerable coastal cities and ecosystems of the Uruguay River", Argentina, Uruguay".

A: The Adaptation Fund Board (Secretariat(@Adaptation-Fund.org),

Con Copia A: Florencia Mitchell (DNCC#MAD), Franco Ciaffardini (DNCC#MAD), Amparo Quiroga (DGYMP#MAD), Magdalena Vieyra (DAFYPP#MAD), Nazareno Castillo Marin (DGYMP#MAD), Marcelo Seckar (MAD),

De mi mayor consideración:

Adaptation Fund Board Secretariat
1818 H Street, NW
Washington, DC
United States of America

Dear colleagues from the Secretariat,

In my capacity as the National Designated Authority for the Argentine Republic, I endorse the Material Changes made to the project document and budget, which are necessary for the fulfillment of the project objectives.

Details of the changes made to the document can be found in the following link:

<https://drive.google.com/drive/folders/18QuxjZJFroQC0Hq4a7b0fAO5Dopf6QMY>

Sincerely,

Sin otro particular saluda atte.

Digitally signed by Gestión Documental Electrónica
Date: 2023.06.22 18:07:18 -03:00

Martín Manuel Illescas
Director General
Dirección General de Proyectos con Financiamiento Externo y Cooperación
Internacional
Ministerio de Ambiente y Desarrollo Sostenible



Montevideo, July 03rd 2023

Adaptation Fund Board Secretariat
1818 H Street, NW
Washington, DC
United States of America

Dear colleagues from the Secretariat,

In my capacity as the National Designated Authority for Uruguay, I endorse the Material Changes made to the project document and budget, which are necessary for the fulfillment of the project objectives (Regional Project: "Climate Change adaptation in vulnerable coastal cities and ecosystems of the Uruguay River, Argentina, Uruguay"). These changes refer to Product 7: activities 7.2; 7.3; 7.5 and 7.6, approved in the National Technical Committee meeting on September 1, 2022.

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

Sincerely,



Natalie Pareja
Directora Nacional de Cambio Climático
Ministerio de Ambiente

Annex 2 - Justification sent by CAF on the request for change in project outputs

Amendment justification Report
“Climate Change adaptation in vulnerable coastal cities and ecosystems of the Uruguay River (Argentina - Uruguay)”

April 2023

Corporación Nacional para el Desarrollo
Uruguay

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1. Background

The Project “Climate Change adaptation in vulnerable coastal cities and ecosystems of the Uruguay River” financed by the Adaptation Fund (AF) and implemented by CAF Development Bank of Latin America, is aimed at promoting resilience in these communities and ecosystems, and reducing their vulnerability by means of developing instruments, tools and shared experiences for planning and adapting to climate change.

The promoting and beneficiary entities are the Ministry of Environment and Sustainable Development of Argentina (MAyDSA) and the Ministry of Environment of Uruguay (MAU) and has the support of the United Nations Development Programme (UNDP), executing agency of regional activities and compiler of the information generated by national executing agencies. The Nacional executing entities are the MAyDSA, for the activities in Argentina; and the National Development Corporation (CND) for the activities in Uruguay.

The Project was prepared in 2018 and approved by the AF on 12th December 2019. Its execution began with the start-up workshop, on August 3, 2021.

Approximately five years after the project was designed, the local conditions for the implementation of some activities planned for Uruguay have changed and require their redefinition or adjustment.

This document has been prepared with the purpose of justifying the changes requested in some activities of Component 2 of the Project, originally planned to be implemented in Uruguay.

2. Changes in project activities in Uruguay

The AF is requested to consider the approval of changes in the following activities: Activity 7.2. Resignification and renovation of vacant, flood-prone lots after resettlements. Atahualpa area in Salto, Uruguay; Activity 7.3. Resignification and renovation of flooding-prone vacant lots at the Sauzal Stream mouth, in Salto, Uruguay; Activity 7.5. Risk prevention and evacuees care Centre. Bella Unión, Uruguay; Activity 7.6. Resignification of flood prone high risk public spaces recovered from irregular residential occupation. Bella Unión, Uruguay.

The National Technical Committee of Uruguay, in its session on September 1, 2022, approved the following changes, within Product 7. “High risk area vacant lands from resettlements have been recovered and re signified to avoid new informal occupations”:

- Not executing Activity 7.2. Resignification and renovation of vacant, flood-prone lots after resettlements. Atahualpa area in Salto, Uruguay.
- Reallocate the budget from Activity 7.2 to Activity 7.3. Resignification and renovation of flooding-prone vacant lots at the Sauzal Stream mouth, in Salto, Uruguay.
- Not executing Activity 7.5. Risk prevention and evacuation care Centre. Bella Union, Uruguay.
- Reallocate the budget from Activity 7.5. to Activity 7.6. Resignification of flood prone high-risk public spaces recovered from irregular residential occupation. Bella Union, Uruguay.

These changes were duly substantiated by the Departmental Governments of Artigas and Salto of Uruguay beneficiaries, and partners for the execution of these activities.

The request to the AF Board is justified as long as the changes involve modifications in the indicator’s goals and/or cancellation of the Project’s activities.

These modifications are now expressed in de Project Document in track changes, and the justification is explained below.

Activity 7.2. Resignification and renovation of vacant, flood-prone lots after resettlements. Atahualpa area in Salto, Uruguay

Changes requested:

- Cancellation of the activity.
- Reallocation of the budget to the activity 7.3.

Justification:

The Departmental Government of Salto reported that in 2018-2019, 37 families were relocated, but 3 families were left occupying 3 properties in the Project area. On the other hand, the property registers of most of the land that make up the Atahualpa project are private and are in expropriation process by the Municipality of Salto.

Due to delays in the expropriation procedures and the occupations settled in some of the lands, the Municipality of Salto proposes not to finance this activity with the project budget, since the deadlines of the procedures are uncertain, they depend on other institutions, and are beyond the municipality's management. For this reason, the Departmental Government of Salto request to focus on the Sauzal Project, redirecting the funds to Activity 7.3., where the Municipality has made progress in carrying out an executive project which also aims for the Resignification and renovation of flooding-prone vacant lots, but at the Sauzal Stream mouth, in Salto.

Status of approval: Approved by the National Technical Committee of Uruguay, in its session on September 1, 2022.

Evidence:

- Annex 1. Note from the Departmental Government of Salto, dated August 4, 2022.
- Annex 2. Report of Indicators, Departmental Government of Salto.
- Annex 3. Report of the Atahualpa Project, Departmental Government of Salto.
- Annex 4. Note from the Departmental Government of Salto to the Ministry of the Environment.
- Annex 7. Signed Memorandum 04_National Technical Committee, 9/1/2022.

Activity 7.3. Resignification and renovation of flooding-prone vacant lots at the Sauzal Stream mouth, in Salto, Uruguay.

Changes requested:

- Modification of indicator's goals. The indicator goals are based on: Resignification output, Resignification surface, and Employment. In these terms, the activity 7.3 gains in surface, from 3000m² to 38000m² and in employment generation from 20 positions with 30% women employees, to 35 positions with 30% women employees.
- Budget increase due to reallocation of the activity 7.2 budget. U\$S 455,000 are added to the activity, leaving this with a total of U\$S 1,100,000.

Justification: Furthermore, the Activity 7.3, from the beginning involved a total budget greater than the one that would be financed with the resources of the Adaptation Fund, given that it involves a greater area and a greater scope of resilient infrastructure and urban equipment. The reassignment will allow a greater urban impact for the city of Salto in

terms of the coverage of adaptation measures, the increase resilience and the reduction of vulnerabilities.

Status of approval: Approved by the National Technical Committee of Uruguay, in its session on September 1, 2022.

Evidence:

- Annex 1. Note from the Departmental Government of Salto (IDS), dated August 4, 2022.
- Annex 2. Report of Indicators, Departmental Government of Salto.
- Annex 3. Report of the Atahualpa Project, Departmental Government of Salto.
- Annex 4. Note from the Municipality of Salto to the Departmental Government of the Environment.
- Annex 7. Signed Memorandum 04_National Technical Committee, 9/1/2022

Activity 7.5. Risk prevention and evacuees care Centre. Bella Unión, Uruguay.

Changes requested:

- Cancellation of the activity
- Reallocation of the budget to the activity 7.6

Justification:

The requested cancellation is justified as the Municipality of Bella Unión and the local Departmental Government of Artigas explained that more relocations of houses were carried through than originally planned, and there is no population at high risk of flooding that would eventually require evacuation by the Municipality.

Additionally, the Ministry of Housing and Territorial Planning (MVOT), through a note (CND/60/53/371/2022) dated August 3, 2022 presented in CND, states that it has received the proposal from the Municipality of Bella Unión and the local Government de Artigas to build housing solutions for the vulnerable population in the lot (Register 5057) originally assigned to the work of Activity 7.5. These housing solutions are proposed to be carried out within the framework of the "JUNTOS" Socio-Housing Integration Plan of the Uruguayan government.

It is worth noting, that the transfer of knowledge on issues related to climate change, risk prevention and resilience, originally planned as part of Activity 7.5, may be carried out in alternative public places in Bella Unión, more accessible to the population and supported through project activities related to training and awareness on climate change and risk prevention.

Status of approval: Approved by the National Technical Committee of Uruguay, in its session on September 1, 2022.

Evidence:

- Annex 1. Note from the Ministry of Housing and Territorial Planning, of August 3, 2022, presented to CND.
- Annex 2. Note from the Departmental Government of Artigas, dated August 8, 2022.
- Annex 7. Signed Memorandum 04_National Technical Committee, 9/1/2022.

Activity 7.6. Resignification of flood prone high risk public spaces recovered from irregular residential occupation. Bella Unión, Uruguay.

Changes requested:

- Modification of indicator's goals. The indicator goals are based on Resignification output, Resignification surface, and Employment. In these terms, the activity 7.6 gains in surface, from 20000m² to 35000m² and in terms of generations of employment from 10 jobs with 30% women employees, to 20 jobs with 30% women employees.
- Budget increase due to reallocation of the budget from the activity 7.5. The activity 7.6 budget increases in U\$S 300.000, leaving this activity with a total budget of U\$S 500.000.

Justification:

The Municipality of Bella Unión and the Departmental Government of Artigas carried out more relocations of houses than originally planned, and there is no population at high risk of flooding that would require evacuation by the Municipality. This additionally leaves more vacant lots exposed to illegal occupation settlements. Therefore, not to execute Activity 7.5 and to reallocate resources to expand the extent of Activity 7.6. is reasonably funded: a broader resignification of vacant flooding lots will make possible a project with a greater urban impact, focused on adaptation measures, increase the resilience, and reduce vulnerabilities by reducing the risk of being occupied.

Status of approval: Approved by the National Technical Committee of Uruguay, in its session on September 1, 2022.

Evidence:

- Annex 5. Note from the Ministry of Housing and Territorial Planning, of August 3, 2022, presented to CND.
- Annex 6. Note from the Governmental Department of Artigas (IDA), dated August 8, 2022.
- Annex 7. Signed Memorandum 04_National Technical Committee, September 1, 2022

3. Changes in project activities in Argentina

Activity 7.8. Remediation and re-signification of vacant areas between Defensa Norte and Barrio Cantera 25 de Mayo. Concepción del Uruguay, Argentina.

- Relocation of the construction site

Motivation:

The previously proposed location poses certain restrictions associated with increased urban waterproofing and greater runoff in storm drains. Given the current climate change scenarios, this means it would be necessary to expand the capacity of the northern defense reservoir ("Defensa Norte"). In addition, there are still hydraulic works to be carried out in the area of Defensa Norte, which will limit the usable surface of the flood-prone park. Considering this, we propose a new site for the project, in vacant

areas of the wetlands around the El Curro stream, “Parque de la Ciudad López Jordán”, in Concepción del Uruguay.

This new location would allow maintaining and enhancing non-structural interventions already defined for the initial location, as well as strengthening the local climate change adaptation strategy by implementing Integrated Coastal Zone Management in an area identified as part of the wetland system, called “Mosaic wetland and terrestrial environment landscape unity in the tributary valleys of the Uruguay River.”

The relocation request has been made to and validated by the relevant authorities at every government level.

The Municipality of Concepción del Uruguay, via its Municipal President, Martin H. Oliva, has formally requested the project’s relocation for the aforementioned reasons, in July 2022, by note (attached to the present document).

Furthermore, the Secretary of Environment of the Province of Entre Ríos has supported the Municipality’s decision and has in turn requested, in July 2022, by note addressed to the National Ministry of Environment and Sustainable Development, to “route the non-objection to move forward in the new identified site, through the administrative and project management mechanisms.”

Finally, the National Director of Climate Change within the National Ministry of Environment and Sustainable Development has expressed her willingness to confirm the project’s relocation, as requested by the Municipality and the Province, by note addressed to the CAF on August 23rd, 2022.

It should be noted that, as only the location would be changed, the original activity foreseen as 7.8 will not require any modification to the budget or indicators, nor any other matrix change.

State of approval: approved by the Municipality of Concepción del Uruguay, Secretary of Environment of the Province of Entre Ríos and National Ministry of Environment and Sustainable Development (notes attached hereto).

This issue has been treated and validated by Argentina’s National Technical Committee, in the meetings of August 19th, 2022, and December 12th, 2022, respectively (meeting minutes attached hereto).

Evidence:

- Annex 8. Note submitted by the Municipality of Concepción del Uruguay,
- Annex 9. Note submitted by the Secretary of Environment of the Province of Entre Ríos.
- Annex 10. Note submitted by the National Direction of Climate Change to CAF.
- Annex 11. Minute of the meeting of Argentina’s National Technical Committee for the project “Proyecto ACC - Río Uruguay”, August 19, 2022.
- Annex 12. Minute of the meeting of Argentina’s National Technical Committee for the project “Proyecto ACC - Río Uruguay”, December 12, 2022.
- Annex 13. Minute of the Bi-National Meeting, August 2022.
- Annex 14. Ordinance no. 10983 for the creation of the Municipal Protected Natural Area “Humedales del Arroyo el Curro.”
- Anexo 15. Plan of previous location and proposed new location.

4. Impact on the results matrix

Result	Indicator	Target for Project End (Original)	Target for Project End (After modifications in activities 7.2, 7.3, 7.5, 7.6)
OUTCOME III			

The resilience of coastal cities has been increased through the implementation of structural and non-structural adaptation measures.	M2 of surface resignified vulnerable vacant lands	Medium term: 49,000 m2 End of project: 113,000 m2 of vulnerable vacant lands resignified	Medium term: 28,000 m2 End of project: 130,000 m2 of vulnerable vacant lands resignified
	No. of protection works carried out.	End of project: 11 works carried out	End of project: 9 works carried out
	Number of financial mechanisms ready for scaling-up	End of project: 2	End of project: 2

Result	Indicator	Target for Project End (Original)	Target for Project End (Modified)
Activity 7.2. Resignification and renovation of vacant, flood-prone lots after resettlements. Atahualpa area in Salto, Uruguay.	Resignification produced	End of project: 1	End of project: 0
	Resignified surface (m2)	Medium term: 10,000 m2 End of project: 20,000 m2	Medium term: 0 m2 End of project: 0 m2
	Employment generated (broken down by gender and age)	End of project: 10 jobs (at least 30% women)	End of project: 0 jobs (at least 30% women)
Activity 7.3. Resignification and renovation of flooding-prone vacant lots at the Sauzal Stream mouth, in Salto, Uruguay.	Resignification produced	End of project: 1	End of project: 1
	Resignified surface (m2)	Medium term: 1,000 m2 End of project: 3,000 m2	Medium term: 0 m2 End of project: 38,000 m2
	Employment generated (broken down by gender and age)	End of project: 20 jobs (at least 30% women)	End of project: 35 jobs (at least 30% women)

Result	Indicator	Target for Project End (Original)	Target for Project End (Modified)
Activity 7.5. Risk prevention and evacuees care Centre. Bella Unión, Uruguay	Works carried out	End of project: 1	End of project: 0
Activity 7.6. Resignification of flood prone high-risk public spaces recovered from irregular residential occupation. Bella Unión, Uruguay	Resignification produced	End of project: 1	End of project: 1
	Resignified surface (m2)	Medium term: 10,000 m2 End of project: 20,000 m2	Medium term: 0 m2 End of project: 35,000 m2
	Employment generated (broken down by gender and age)	End of project: 10 jobs (at least 30% women)	End of project: 20 jobs (at least 30% women)

5. Impact on the budget

Activity	Budget (Original)	Adjustment	Budget (Modified)
Activity 7.2. (Resignification, Atahualpa)	455.000	-455.000	0
Activity 7.3. (Resignification, Sauzal)	645.000	+455.000	1.100.000
Activity 7.5. (Centre, Bella Unión)	300.000	-300.000	0
Activity 7.6. (Resignification, Bella Unión)	200.000	+300.000	500.000
Total	1.600.000	0	1.600.000

Budget reallocations between activities 7.2, 7.3, 7.5 and 7.6 do not lead to budget redistribution between products.