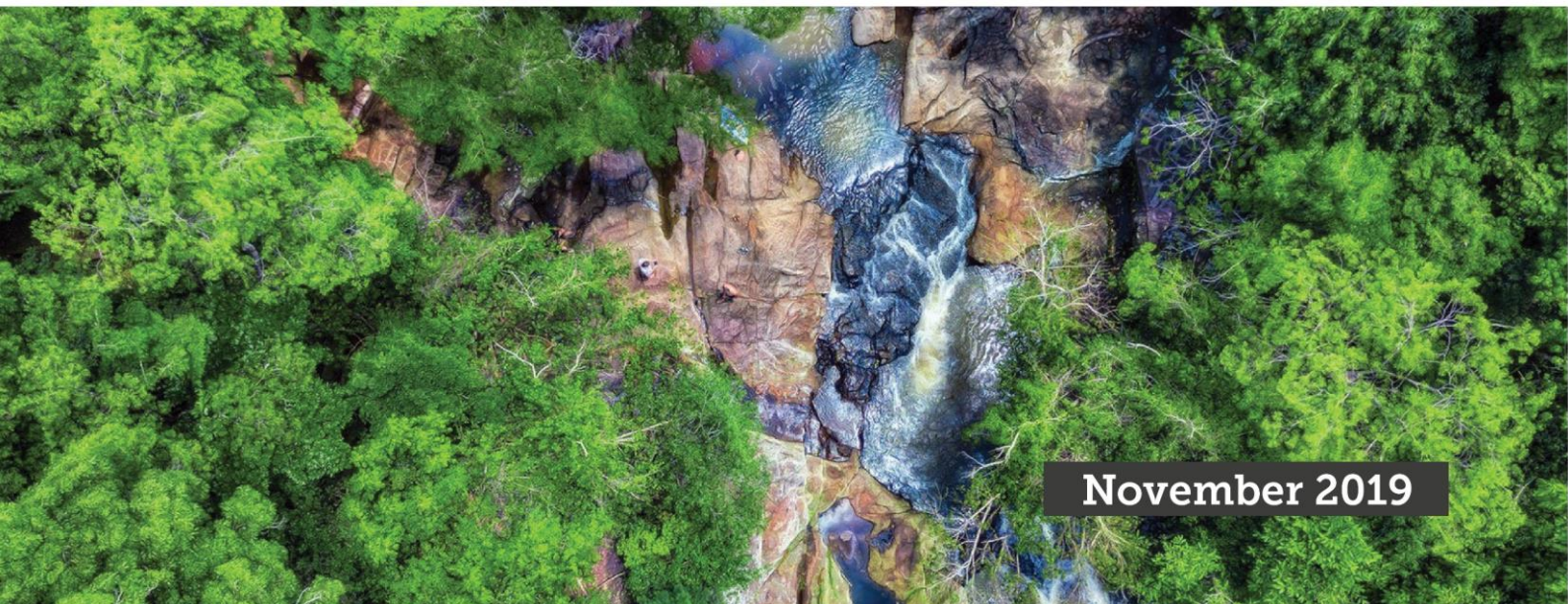


# READINESS & PREPARATORY SUPPORT

## PROPOSAL TEMPLATE



<b>Proposal title:</b>	Creating the enabling conditions for the implementation of the Loss & Damage (L&D) mechanism in Ecuador
<b>Country:</b>	Ecuador
<b>National designated authority:</b>	Ministry of the Environment, Water and Ecological Transition
<b>Implementing Institution:</b>	Corporación Andina de Fomento - CAF
<b>Date of first submission:</b>	28 July 2022
<b>Date of current submission / version number</b>	7 February 2023 V.4



November 2019

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Download the guidebook:  
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This document should be completed by National Designated Authorities (NDA) or focal points with support from their Delivery Partners where relevant. Once completed, this document should be submitted to the GCF by the NDA or focal point via the **online submission system**, accessible through the Country Portal of the GCF website.

Please be concise. If you need to include any additional information, please attach it to the proposal.

If the Delivery Partner implementing the Readiness support is not a GCF Accredited Entity for project Funding Proposals, please complete the Financial Management Capacity Assessment (FMCA) questionnaire and submit it prior to or with this Readiness proposal. The FMCA is available for download at the [Library](#) page of the GCF website.

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We will get back to you within five (5) working days to acknowledge receipt of your submission and discuss the way forward.

**Note: Environmental and Social Safeguards and Gender**

Throughout this document, when answering questions and providing details, please make sure to pay special attention to environmental, social and gender issues, particularly to the situation of vulnerable populations, including women and men. Please be specific about proposed actions to address these issues. Consult Annex IV of the Readiness Guidebook for more information.

**Please visit the Country Portal on the GCF website to submit this proposal via the **online system**.**

When submitting the proposal, please name the file:  
**GCF Readiness -[Country]-[yyymmdd]**

## 1. SUMMARY

<b>1.1 Country submitting the proposal</b>	Country name: Ecuador Name of institution representing NDA or Focal Point: Ministry of the Environment, Water and Ecological Transition Name of contact person: Ms. Karina Maribel Barrera Moncayo Contact person's position: Undersecretary of Climate Change Telephone number: +5932 398 7600 Email: <a href="mailto:karina.barrera@ambiente.gob.ec">karina.barrera@ambiente.gob.ec</a> Full office address: Av. Madrid 1159 y Andalucía, Quito, Ecuador Additional email addresses that need to be copied on correspondences: <a href="mailto:ines.arias@ambiente.gob.ec">ines.arias@ambiente.gob.ec</a> <a href="mailto:gabriela.vargas@ambiente.gob.ec">gabriela.vargas@ambiente.gob.ec</a> <a href="mailto:rosa.gonzalez@ambiente.gob.ec">rosa.gonzalez@ambiente.gob.ec</a>
<b>1.2 Date of initial submission</b>	28 July 2022
<b>1.3 Last date of resubmission</b>	7 February 2023
<b>1.4 Which institution will implement the Readiness and Preparatory Support project?</b>	<div style="display: flex; align-items: center; margin-bottom: 10px;"> <input type="checkbox"/> National designated authority         </div> <div style="display: flex; align-items: center; margin-bottom: 10px;"> <input checked="" type="checkbox"/> Accredited entity         </div> <div style="display: flex; align-items: center; margin-bottom: 10px;"> <input type="checkbox"/> Delivery partner         </div> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div style="width: 45%; vertical-align: top; padding: 5px;">           Name of institution:            Name of official:            Position:            Telephone number:            Email:            Full office address:            Additional email addresses that need to be copied on correspondences:         </div> <div style="width: 50%; vertical-align: top; padding: 5px;">           Corporación Andina de Fomento – CAF            Oscar Guevara            Principal Executive            +507 297 5378  <a href="mailto:oguevara@caf.com">oguevara@caf.com</a>            Boulevard Pacifica P.H. Oceania Business Plaza, Torre 2000 Piso 24            Panama City, Panama  <a href="mailto:acortes@caf.com">acortes@caf.com</a>  <a href="mailto:mcastillo@caf.com">mcastillo@caf.com</a>  <a href="mailto:TRUSTFUNDS@caf.com">TRUSTFUNDS@caf.com</a>  <a href="mailto:JROCA@caf.com">JROCA@caf.com</a> </div> </div>
<b>1.5 Title of the Readiness support proposal</b>	Creating the enabling conditions for the implementation of the Loss & Damage (L&D) mechanism in Ecuador
<b>1.6 Type of Readiness support sought</b>	<input type="checkbox"/> I. Capacity building <input checked="" type="checkbox"/> II. Strategic frameworks <input type="checkbox"/> III. Adaptation planning <input type="checkbox"/> IV. Pipeline development <input checked="" type="checkbox"/> V. Knowledge sharing and learning

**Version number** V.4

### 1.7 Brief summary of the request

Given its geographical location and socioeconomic conditions, Ecuador is highly vulnerable to external factors of various kinds, including from natural or man-made events to external market impacts. Past events such as the El Niño phenomenon of 1997 and 1998 caused losses estimated at \$2,869.3 million, equivalent to 15% of the country's GDP in 1997. Of these, 783 million (27%) were direct damage and 2,086.1 million (73%) were indirect damages in productive sectors and infrastructure. Additionally, during the period 2012 - 2018, Ecuador registered 7,957 dangerous events related to floods, landslides, subsidence, and undermining, including those from the El Niño-Southern Oscillation (ENSO) (from 2016 – 2017) which caused economic losses in the agricultural sector of around USD \$3,500 million and affected more than 2,000 medium and small producers. Due to climate change phenomena of natural variability, such as El Niño, which is one of the main phenomena that affects the Latin America region, and the country are expected to intensify.

Despite the magnitude of losses and damages caused by these events in the past decades, there is no official economic quantification in Ecuador that enables the country to participate effectively in the national or international negotiations related to the UNFCCC Loss and Damage (L&D) mechanism. Additionally, the government of Ecuador needs to create and/or strengthen institutional and technical capacities that enables the country to put in place the necessary enabling conditions for the implementation of a national L&D planning framework able to address identified needs and barriers. Based on above, the following **Goal Statement** has been formulated to reflect the way in which the project will contribute to the future implementation of the L&D mechanism in the country. If the L&D mechanism is conceptualized and the institutional, technical and operation capacities around L&D are established and strengthened, then Ecuador will be able to: i) benefit from the implementation of the L&D mechanism, ii) report climate related losses and damages at the national and international level, and iii) mainstream L&D as a separate action line- to adaptation and mitigation- in its climate change planning framework, because, Ecuador will have bolstered its capacity to promote the establishment and subsequent implementation of a nationally agreed framework for the L&D mechanism. Nonetheless, to achieve this and to promote a more resilient and low-carbon development, the following barriers need to be addressed:

- There is a limited capacity to collect, register, quantify and report information regarding Loss and Damage (L&D) at the national and subnational level.
- There is limited institutional and technical capacity to mainstream L&D across climate change planning frameworks at the national, subnational, and sectoral level.
- There is limited financial capacity to address economic needs and gaps derived from L&D caused by the negative effects of climate change in the country.
- There is a limited knowledge base regarding the L&D mechanism across various levels that can contribute to its effective implementation in the short-to medium term.

Based on the previous barriers and to contribute to the problem statement, the **main goal of this Readiness support** is to create, and bolster enabling conditions in Ecuador to effectively conceptualize the L&D mechanism and set the institutional, technical, and operational capacities for its future implementation in the country. To do this, the project will focus on three main areas: i) bolstering institutional capacities to establish, implement and mainstream the L&D mechanism across the national, subnational, and sectoral level; ii) developing technical capacities to strengthen the National Risk and Emergency Management System (SNGRE) and other risk management databases through the development of protocols, methodologies and assessments and thus inform the subsequent implementation of the L&D policy and regulatory framework; and iii) disseminate

knowledge and create further capacities through training events and communication products.

To achieve the above, this project proposal has been structured through the following outcomes:

1. Outcome 2.2: GCF recipient countries have developed or enhanced strategic frameworks to address policy gaps, improve sectoral expertise, and enhance enabling environments for GCF programming in low emission investment.
2. Outcome 5.2: Partnerships established to foster development and dissemination of methods, frameworks, and information systems for enhanced climate finance programming at subnational, national, and regional levels.

In addition, this readiness proposal will enable Ecuador to: i) systematically report L&D under the guidelines and procedures expected by the UNFCCC and other international conventions and/or organizations and ii) integrate the concept of L&D in national planning instruments such as the Nationally Determined Contributions or the National Communications to facilitate negotiations and leverage additional climate financing for the country. Furthermore, for Ecuador to fully benefit from the implementation of the L&D mechanism, there is a need to build institutional and technical capacities across relevant stakeholders to better comprehend its scope and setup a national framework for its implementation.

This Readiness support will mainly benefit the government of Ecuador, represented by the Ministerio del Ambiente, Agua y Transición Ecológica (MAATE), by supporting the establishment and subsequent implementation of the L&D mechanism in the country. Nonetheless, several other stakeholders will benefit through the creation of capacities to quantify, register, assess and report losses and damages related to the negative impacts of climate change. In the long term, this Readiness support is expected to benefit most at-risk communities given the established capacities- after project execution- in the government of Ecuador to better respond, mitigate and bounce back from climate related impacts through the future implementation of the L&D mechanism.

<p><b>1.8 Total requested amount and currency</b></p>	<p>USD 499,952</p>	<p><b>1.9 Implementation period</b></p>	<p>24 months</p>
<p><b>1.10 Is this request a multiple-year strategic Readiness implementation request?</b></p>		<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	
<p><b>1.11 Complementarity and coherence of existing readiness support</b></p>		<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>The complementarity and coherence of completed and existing readiness support with the proposed readiness grant is explained in detail in Table 1 below.</p>	

Table 1. Ecuador Readiness Grants

Readiness Grant information	Grant Objective	Delivery Partner	Complementarity with proposed readiness
<p><b>NDA Strengthening and Country Programming support for Ecuador through UNDP.</b></p> <p>Approved date: 2017- GCF funded Readiness.</p> <p>Status: Concluded</p>	<p>The purpose was to support the Government of Ecuador in the development of studies, methodologies, indicators, policies, and capacity building programs and tools to integrate climate change into development planning, at the national level and with a cross-cutting approach.</p>	UNDP	<p>This proposal will use the capacity building programs and tools to support L&amp;D national process.</p>
<p><b>Adaptation Planning support for Ecuador through UNDP.</b></p> <p>Approved date: 2018- GCF funded Readiness.</p> <p>Status: Ongoing</p>	<p>Initiate the development of Ecuador's National Adaptation Plan (NAP) to reduce vulnerability to the impacts of climate change, and to facilitate the coherent integration of climate change adaptation into development planning processes, policies and strategies related to six prioritized sectors.</p>	UNDP	<p>L&amp;D information, mechanism and finance instruments developed and implemented through the Proposed Readiness support will support the implementation of actions identified in the National Adaptation Plan. In addition, will use the climate risk sectorial methodology to assess the potential L&amp;D sector.</p>
<p><b>Strategic Frameworks support for Ecuador through Fundación Avina.</b></p> <p>Approved date: 2019- GCF funded Readiness.</p> <p>Status: Ongoing</p>	<p>Strengthen the capacities of the Decentralized Autonomous Governments (DAGs) at the province level in Ecuador to be able to access climate finance from GCF and other sources of finance for the implementation of strategic and prioritized climate related activities.</p>	Fundación Avina	<p>The proposed Readiness support will develop additional capacity building material on L&amp;D that could be shared with sub-national stakeholders.</p>
<p><b>NDA strengthening and country programming support for Ecuador through GIZ</b></p> <p>Approved date: 2019- GCF funded Readiness.</p> <p>Status: Concluded</p>	<p>The Readiness had the objective to support the NDA as the main beneficiary of the readiness, to have a better organization to improve complementarity and coherence between the activities of the GCF and the activities of other relevant institutions, to better mobilize the full range of financial and technical capacities, and to enhance the efficiency and transparency of the processes of the NDA by implementing digital solutions.</p>	GIZ	<p>Through the implementation of the Strategic Frameworks support for Ecuador Readiness, the Government of Ecuador developed a Climate Finance Strategy that identified strategic actions to develop and enhance the climate finance ecosystem. The current proposed Readiness support will build on the Climate Finance Strategy to support its implementation</p>
<p><b>Advancing a regional approach to e-mobility in Latin America</b></p> <p>Approved date: 2020- GCF funded Readiness.</p> <p>Status: Ongoing</p>	<p>The project is supporting fourteen Latin American countries to identify and address the main barriers for electric mobility by providing the necessary assessments, capacities, and financing alternatives to accelerate adoption of electric mobility technology.</p>	UNEP	N.A.
<p><b>Post COVID-19 Green Recovery for Food, Health, and Water Security strengthened by</b></p>	<p>Outline pathways for post COVID-19 Green Recovery strategies in the Food, Health, and Water sectors by supporting national and regional</p>	IICA	<p>The proposed Readiness support will analyze different financial instruments to subsequently implement the L&amp;D mechanism, therefore, it</p>

<p><b>financial and technological innovations in Latin-American countries.</b></p> <p>Approved date: 2020- GCF funded Readiness.</p> <p>Status: Ongoing</p>	<p>efforts of the targeted countries to strengthen financial and technological innovations.</p>		<p>could be linked to the National Green Recovery strategies identified.</p>
<p><b>Generation of a Conceptual Framework for the National Climate Change Registry of Ecuador (RNCC) and Design of a Version V.0 of the Measuring, Reporting and Verification (MRV) system as part of the RNCC.</b></p> <p>Approved date: 2020- GCF funded Readiness.</p> <p>Status: Ongoing</p>	<p>Determine the components of the RNCC and develop the tools needed for the operationalization of the MRV system, focused on the NDC. Through its implementation, the project will set in place a measuring, reporting and verification system and enable the tracking of mitigation and adaptation efforts of the NDC as well as domestic and international climate finance flows and the impacts of funded activities</p>	FAO	<p>Climate risk information and climate change information will be structured and systematized in the National Registry of Climate Change and the MRV system. This information is the basis for the development of the proposed Readiness support. Likewise, it will be sought that the inputs generated are linked to the already built platform</p>
<p><b>Increasing resilience through Nature based Solutions in Latin American cities (Nature4Cities Latam).</b></p> <p>Approved date: 2021- GCF funded Readiness.</p> <p>Status: Ongoing</p>	<p>Support 4 LAC countries through examples in 6 selected secondary cities to identify and address the main barriers for nature-based adaptation and mitigation solutions by providing the necessary assessments, capacities, and alternatives to financing schemes to accelerate adoption of these strategies. Nature4Cities will develop Nature based Urban Development Plans and as part of the financial component, the Programme will develop a long-term financial guideline and an investment pipeline for six cities.</p>	UNEP	<p>Climate risk assessment at the local level is one of the main inputs for this proposed proposal since L&amp;D has not been previously assessed and requires the greatest amount of validated information. Likewise, this proposed proposal seeks to work with different financial instruments as mechanisms for L&amp;D.</p>
<p><b>Enhancing the capacities of Banco de Desarrollo de Ecuador B.P. (BDE) to support its accreditation to the Green Climate Fund.</b></p> <p>Approved date: 2022- GCF funded Readiness.</p> <p>Status: Ongoing</p>	<p>Support the accreditation process of the Banco de Desarrollo de Ecuador B.P. (BDE) by strengthening the capacities of the bank as Direct Access Entity. This proposal will help to overcome the lack of institutional and technical capacities in BDE to obtain the appropriate qualifications required by the GCF accreditation standards</p>	IICA	None
<p><b>Development of an effective governance framework for the implementation of the NDC in the health, food, and water security sectors in Ecuador.</b></p>	<p>Strengthen governance and its institutional frameworks, through a process of capacity building, development of management tools for the inclusion of climate criteria in sectoral public policy and communication strategies, which</p>	FAO	<p>The current proposal will utilize input generated from this project related to inclusion of climate criteria in public policy in health, food security and water sectors since L&amp;D has not been previously assessed and</p>

Approved date: 2022- GCF funded Readiness. Status: Ongoing	allow integrate and generate synergies in the health, food security and water sectors, which have been prioritized in the adaptation component of the NDC		requires the greatest amount of validated information.
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Table 2 - Abbreviations list

ABBREVIATION	FULL NAME
L&D	Loss & Damage
MAATE	Ministry of the Environment, Water and Ecological Transition
CAF	Corporación Andina de Fomento
GDP	Gross Domestic Product
ENSO	El Niño-Southern Oscillation
UNDP	United Nations Development Programme
UNFCCC	United Nations Framework Convention on Climate Change
SNGRE	National Risk and Emergency Management System
GCF	Green Climate Fund
GEF	Global Environment Facility
AF	Adaptation Fund
NDA	National Designated Authority
DAG	Decentralized Autonomous Governments (
NAP	National Adaptation Plan
RNCC	National Climate Change Registry of Ecuador
MRV	Measuring, Reporting and Verification
LAC	Latin America and the Caribbean
SGR	Secretary of Risk Management of Ecuador (
TCN	Tercera Comunicacion Nacional
IPCC	Intergovernmental Panel on Climate Change
GHG	Green House Gas Emissions
CICC	Interinstitutional Climate Change Committee Climate

## 2. SITUATION ANALYSIS

### 1. Climate change context

The Republic of Ecuador is a developing country located in the northwest of South America with a total area of 256,370 km<sup>2</sup> covering both the continental and the insular surface. The country is bordered by Colombia to the north, Peru to the east, and the Pacific Ocean to the west, and has an estimated population of 17.6 million<sup>1</sup>. Nonetheless, according to population trajectories, the country's population could reach over 23 million people by 2050<sup>2</sup>. In 2019, approximately 64% of Ecuadorians lived in urban areas, however the total number of urban dwellers is expected to increase to 67% and 75% by the 2030s and 2050s, respectively. The country has a Gross Domestic Product (GDP) of approximately \$108.1 billion, with an annual growth rate of 0.1%, and is currently considered a middle-income country; however, approximately a fifth of the population lives below the national poverty line. While Ecuador has made significant strides in expanding its middle class, endemic poverty in rural and indigenous communities persists, resulting in many Ecuadorians dependent upon informal businesses as their sole means of support<sup>3</sup>. In rural areas, access to land is unequal, with smallholder farmers owning a small percentage of the arable land.

Given its geographical location, Ecuador is a topographically diverse country traversed by the Andes Mountains, and is comprised of a double mountain chain, which divides the continental territory into three different regions: Coast, Sierra, and Amazon, each with its own distinct characteristics of climate, soils, landscapes, and

<sup>1</sup> World Bank (2021). DataBank – World Development Indicators.

<sup>2</sup> World Bank Open Data, Data Retrieved August 2021. Data Bank: Population Estimates and Projections, Ecuador.

<sup>3</sup> FINCA International (2021). Fighting Poverty in Ecuador.



biodiversity. Given the above, Ecuador is recognized as a megadiverse country due to its wide variety of climates, microclimates, and terrestrial and marine biodiversity<sup>4</sup>.

Due to atmospheric factors, but also to the geography of the country, Ecuador's climate present characteristic that vary in very short distances, the range goes from warm to glacial cold, with the most significant changes observed in the Sierra region. Nonetheless, the country has two distinctive seasons which have profound influence on its landscapes and natural conditions: on one hand, rainy season which usually runs from December to June, and on the other hand, dry season which runs from June to December<sup>5</sup>. With its wide range of climate zones, Ecuador has an extraordinary array of geographical systems, which range from high altitude glaciers to tropical rain forests in the Amazon upper tributaries to dry tropical forest on the Pacific Coast, as well as an insular outpost in the Pacific with the Galapagos Islands<sup>6</sup>. According to the Secretary of Risk Management of Ecuador (SGR given its Spanish acronym), most of the main natural threats identified in the country are weather-related and include extreme hydrometeorological events, tsunamis, mass movements (slides), waves and floods, the El Niño-Southern Oscillation (ENSO), and epidemiological outbreaks given the presence of vector transmitted diseases. Other non-weather natural threats related include seismic and volcanic activity which affect the country in a lesser degree. Additionally, Ecuador is highly vulnerable to external factors of various kinds, ranging from events of natural origin (due to its geographical location) to events of anthropic origin, due to external market impacts, mainly due to its condition as a primary-exporting economy<sup>7</sup>.

The consequences of climate change or the intensification of phenomena of natural variability, such as El Niño-Southern Oscillation (ENSO), adversely affect the country's development. Many of Ecuador's socio-ecological systems are highly vulnerable and have already shown great sensitivity to climate variability and long-term change. Ecuador's ecosystems provide a range of environmental services that are critical to rural livelihoods and urban welfare. As these systems come under pressure from altered climate patterns as well as other direct and indirect factors (i.e., deforestation, agricultural and livestock practices), it is likely they will deteriorate due, and the quality of environmental goods and services will also decrease<sup>8</sup>. The future climate projections made in the framework of the Third Communication Nacional (TCN), show that if the current temperature trend is maintained, the change that could be expected in Ecuador would be about a 2°C rise through the end of the century; and even the Amazon and Galapagos would show much higher increases, which could have a great impact in terms of environmental damages and economic losses.

### Observed trends.

There is vast variety in the Ecuadorian climate, largely determined by altitude and terrain. The mountain valleys have a year-round temperate climate, and the coastal areas and rainforest in lowlands a humid subtropical. The four regions of the country have very distinct climates: firstly, the coast has a tropical climate and a rainy season that extends from the end of December to May and has a thermal regime characterized by a 2°C to 3°C variation between the hottest and coldest months. Secondly, the inter-Andean valleys have a temperate climate and rainy season from October to May and a dry season from June to September with average monthly temperatures of about 14.5°C in the rainy season and 15°C in the dry season. Thirdly, the Amazon Region in the eastern part of the country experiences rainfall throughout the year with an average temperature of around 21°C during most months of the year. Finally, the island region comprising the Galapagos Islands has a climate like that of the Coastal region with an average temperature of about 25°C to 26°C during the rainy season (December to May) and 21°C to 22°C during the dry season (June to November), mainly owing to the influence of the cold Humboldt current. The climate of the country is strongly marked by the influence of oceanographic factors, of atmospheric circulation and marine currents because they are in the Convergence Zone Intertropical<sup>9</sup>.

Climate variability in Ecuador is closely related with the El Niño Southern Oscillation (ENSO) with increased rainfall and floods in the coast and Western Andes, and droughts in the Northern and Eastern areas. Despite of this variability, since 1960, the National Institute of Meteorology and Hydrology of Ecuador has recorded changes

<sup>4</sup>Ecuador (2017). Third National Communication to the UNFCCC: <https://unfccc.int/documents/77568>

<sup>5</sup> Idem.

<sup>6</sup> UNDP (2020). Climate Change Adaptation – Ecuador.

<sup>7</sup> Ecuador (2017). Third National Communication to the UNFCCC: <https://unfccc.int/documents/77568>

<sup>8</sup> UNDP (2020). Climate Change Adaptation – Ecuador.

<sup>9</sup> Ecuador (2015). National Climate Change Plan 2015–2018: <https://info.undp.org/docs/pdc/Documents/ECU/PLAN%20NACIONAL%20DE%20CAMBIO%20CLIMÁTICO.pdf>

in the average temperature and the average and maximum and minimum value of temperature across the national territory as followed<sup>10</sup>:

- In the coastal region, there is evidence of a 33% increase in rainfall and an increase of 0.6°C of the average temperature.
- In the Sierra region there is evidence of a 13% increase in the precipitation and an increase of 1.1°C of the average temperature.
- In the Amazon, there is evidence of a reduction in precipitation of 1% and an increase in temperature average of 0.9°C.
- In the insular region (San Cristóbal station) there is evidence of a 66% increase in precipitation and a 1.4°C increase in average temperature.

Additionally, according to the Third National Communication, the maximum temperatures have risen between 1°C per decade in the high mountains and 0.6°C per decade in the sub-paramo regions; and the number of warm nights has increased, while the number of cold nights has decreased<sup>11</sup>. In terms of precipitation, Ecuador has a high degree of variability in its precipitation trends. Nonetheless, the annual amount of precipitation has also varied across its regions. According to the Third National Communication, between 1960 and 2010, increasing rainfall occurred in the eastern areas over Ecuador's Amazon rainforest, in the Sierra and along the northern coast, especially in the coastal areas of the provinces of El Oro, Guayas, Santa Elena and Manabí. Specifically, annual precipitation was estimated to increase by 33% in the coastal region and by 8% in the Inter-Andean Region. Nonetheless, it is important to mention that the historic climate data processed by the National Institute of Meteorology and Hydrology of Ecuador is limited given the small number of meteorological stations in the country and specifically in some of the regions such as the amazon region which covers 40% of the national territory<sup>12</sup>.

Another observed trend that has had an impact on the country has been the retreat of the glaciers in the Andean Region which has been estimated in about 20 to 30% in the last 30 years<sup>13</sup>. The Ecuadorian Andes are home to 4% of the tropical glaciers, which are considered excellent indicators of climate warming due to their high sensitivity to climatic fluctuations. The Glaciers respond to climate with changes in volume and later the fluctuations of their forehead, factors that to a great extent are controlled by morphological characteristics of the basins. A relevant event reported during the last decades is the retreat of the Ecuadorian glaciers, accentuated from the middle of the decade of the seventies and linked to the increase in atmospheric temperatures recorded in the same period. This trend coincides with that of other glaciers at different latitudes.

### Projected trends

Regarding climate projections, the average temperature shows an increase of at least 0.6°C in the period 2011-2040 and approximately 1°C in the period 2041-2070 and 2071-2100 under the "optimistic" scenario (RCP 2.6). Under the "pessimistic" scenario (RCP 8.5), the average temperature shows an increase of at least 0.8°C in 2011-2040, 1.7°C in 2041-2070 and 2.8°C for 2071-2100<sup>14</sup>. According to the above, under the RCP 8.5 scenario, the regions where there would be a greater increase in the average temperature will be the Amazon, the Coast and Galapagos, with increases of more than 1.5°C since the middle of the century, and in the latter region, with increases of more than 2°C. Nonetheless, given that climate projections depend on the Global Climate Models selected to run the projections, there are other reports such as the World Bank Climate Risk Country Profile of Ecuador which, under the RCP 8.5 scenario, estimate temperature increases of about 4.0°C and 5.0°C for the Amazon and Sierra regions by 2100 and temperature increases of about 3.3°C for the coastal regions by the 2090s.

In term of the maximum and minimum temperatures, and under the RCP 8.5, there is an expected increase of the order of 0.8 to 3.5°C and 0.6 to 2.8°C, respectively. The maximum temperature would be the one with the

<sup>10</sup> Ecuador (2019). Nationally Determined Contribution: URL: <https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/>

<sup>11</sup> Ecuador (2015). National Climate Change Plan 2015–2018: <https://info.undp.org/docs/pdc/Documents/ECU/PLAN%20NACIONAL%20DE%20CAMBIO%20CLIMÁTICO.pdf>

<sup>12</sup> Ecuador (2017). Third National Communication to the UNFCCC: <https://unfccc.int/documents/77568>

<sup>13</sup> Ecuador (2015). National Climate Change Plan 2015–2018: <https://info.undp.org/docs/pdc/Documents/ECU/PLAN%20NACIONAL%20DE%20CAMBIO%20CLIMÁTICO.pdf>

<sup>14</sup> Armenta Porra et al (2016) Proyecciones climáticas de precipitación y temperatura para ecuador, bajo distintos escenarios de cambio climático: <https://info.undp.org/docs/pdc/Documents/ECU/14%20Proyecciones%20de%20Clima%20Futuro%20para%20Ecuador%20en%20base%20a%20IPCC-AR5.pdf>

highest increases would have, being the regions of the Amazon and the Coast those of the higher increases. In the case of the minimum temperature, the Amazon would be the region with the highest increases, of the order of 0.7-3.5°C throughout the century<sup>15</sup>.

Finally in terms of precipitation, this would not present significant changes in the 21st century (with only increases of 1-10% and reductions of 4%) for the continental part of Ecuador under the "optimistic" scenario (RCP 2.6). In the intermediate scenarios (RCP 4.5 and 6.0), it would have increases between 3-15%, the most significant (above 10%) being in the north, center and south of the Amazon and the Coast and the Central Sierra. The reductions would remain in the Eastern Amazon, with values between 8-10%. Under the "pessimistic" scenario (RCP 8.5), precipitation will increase by at least 10% in most of the country, and with the highest increases in the Central Sierra and in the center and south of the Amazon. For the insular part of the country, precipitation projections show increases of more than 10% in precipitation since the first half of the century and increases of more than 20% by the end of the century. This region would be the most affected by the increase in precipitation, since in the optimistic scenario (RCP 2.6) its volume would increase from 12 to 23%, in relation to the values observed in the period 1981-2005. And in the pessimistic scenario, by the end of the century rainfall would be greater than 30% of current values<sup>16</sup>.

## 2. Main impacts associated to climate change.

Due to its geographical, morphological, geological, oceanographic, climatic, and human conditions, Ecuador is a territory, which is highly vulnerable to the effects of climate variability and change. Past events such as the El Niño phenomenon of 1997 and 1998 caused losses estimated at USD \$2,869.3 million, equivalent to 15% of the country's GDP in 1997. Of these, USD \$783 million (27%) were direct damage and USD \$2,086.1 million (73%) were indirect damages in productive sectors and infrastructure<sup>17</sup>. The threats facing the country as a whole, because of climate change, have historically entailed significant economic and social costs. Between 1900 and 2009, 65 major disasters were recorded of which 60% were caused by hydrometeorological phenomena (droughts, floods, landslides) and 40% by geophysical events<sup>18</sup>. Moreover, for the year 2012, rainfall was the highest in the last 10 years and directly affected around 195,147 hectares of cultivated land which generated costs of at least USD \$237.9 million. Additionally, the highland areas, where most of the country's population is concentrated, are subject to landslides and significant flooding due to increased surface run off from snow melt and extreme rainfall on degraded high elevation forest ecosystems which, in addition, increases sediment loads.

The following table shows the records related to losses due to hydrometeorological disasters according to regions of Ecuador between 1970 and 2007<sup>19</sup>:

Table 3. Records related to losses due to hydrometeorological disasters.

Regions	Register of hidrometreological events	%	Number of deaths	%	Houses destroyed	%	Houses Affected	%
Costa	1161	47	578	40	2205	63	7309	69
Sierra	1069	43	747	52	854	24	2254	21
Amazonia	241	10	120	8	433	12	1078	10
Suma	2471	100	1445	100	3492	100	10641	100

In terms of specific impacts for the agricultural sector, according to information from the National Institute of Statistics and Censuses (INEC-SEAN), during the period from 2002 to 2007, 45% of temporary crops and 11% of permanent crops were lost due to droughts. On the other hand, according to the Ministry of Agriculture and Livestock of Ecuador, the 2010 drought in the provinces of the Sierra (Cotopaxi, Bolívar, Tungurahua,

<sup>15</sup> Idem.

<sup>16</sup> Idem

<sup>17</sup> Ecuador (2015). National Climate Change Plan 2015–2018: <https://info.undp.org/docs/pdc/Documents/ECU/PLAN%20NACIONAL%20DE%20CAMBIO%20CLIMÁTICO.pdf>

<sup>18</sup> WBG Climate Change Knowledge Portal (CCKP, 2021). Climate Data-Projections. Ecuador. URL: <https://climatedata.worldbank.org/CRMePortal/web/agriculture/crops-and-land-management?country=ECU&period=2080-2099>.

<sup>19</sup> Ecuador (2015). National Climate Change Plan 2015–2018: <https://info.undp.org/docs/pdc/Documents/ECU/PLAN%20NACIONAL%20DE%20CAMBIO%20CLIMÁTICO.pdf>

Chimborazo, which together covered 43% of the area cultivated), affected 98% of the area, of which 2% was declared a total loss, leaving 18,000 families strongly affected economically by this event.

Additionally, during the period 2012 - 2018, Ecuador registered 7,957 dangerous events related to floods, landslides, subsidence, and undermining that occur during the rainy season. In the years 2017 and 2018, the highest (2,038) and lowest (271) number of reported events were recorded, respectively (SNGRE, 2017). This included the impact of El Niño from 2016 – 2017 which caused economic losses in the agricultural sector of around USD \$3,500 million and affected more than 2,000 medium and small producers. It is important to mention that events of this type have caused migratory processes from rural to urban areas, restrictions in the electrical service, reduction in productivity, and reduction in water supplies, loss of crops, among others<sup>20</sup>.

Furthermore, according to the Fourth National Communication (draft), it is estimated that the expected annual losses caused by multiple hazards, including earthquakes, floods, cyclonic winds, storm surges and tsunamis, could reach between USD \$927 million and USD \$3.3 billion in the country depending on the frequency and intensity of natural hazards. Although this estimate includes some threats not attributable to climate change, they show the country's latent vulnerability to climatic phenomena that could be exacerbated by their consequent economic impact. Finally, it is important to note that, historically, the most affected people have been those who belong to the poor population of the rural areas of the country. As of December 2020, poverty at the national level stood at 32.4% and extreme poverty at 14.9% and in rural areas, poverty reached 47.9% and extreme poverty 27.5%.

In the medium to long-term, climate change trends in Ecuador are expected to result in major impacts for the country. These include the intensification of extreme climatic events (e.g., ENSO); sea level rise; increased retreat of glaciers; decrease in annual runoff and increased vulnerability of water resources; increased vulnerability to floods and prolonged droughts; increased transmission of dengue and other tropical diseases; the expansion of invasive species populations in the Galapagos and other sensitive ecosystems of continental Ecuador; and the extinction of certain species. Furthermore, as temperatures continue to rise, critical glaciers are likely to disappear, further contributing to water shortages in the highlands. In the coastal areas, rising seas, coupled with increased storm surges can lead to localized flooding which can have significant impacts in the agricultural output and threatening operations at the hydroelectric power projects which generate most domestic energy supplies. Landslides which are also common, particularly in the mountainous interior, are expected to increase and affect an important portion of infrastructure and housing in the upcoming decades. In terms of non-economic value losses, the threats and impacts of climate change are expected to put at risk 18 Indigenous populations and 13 indigenous nationalities including their historical identity, language, culture, territories, and traditional forms of social, economic, legal, political and the exercise of their own authority<sup>21</sup>.

Based on the above, the occurrence of extreme weather events with greater frequency and intensity is an external factor that i) has a direct impact on the development of the country and in the livelihood of the most vulnerable people and ii) poses a great challenge for strategic planning in the territory and the effective formulation of public policies for the benefit of communities in situations of vulnerability and poverty. Consequently, **the aim of this Readiness support** is to support the government of Ecuador to strengthen its climate change planning framework so that the country can participate and benefit from the governance mechanisms put in place to address Losses & Damages (L&D) associated with climate change under the United Nations Framework Convention of Climate Change (UNFCCC).

### **Conceptualization of L&D associated with the impacts of climate change.**

Extreme weather events can cause Loss and Damage to society, the natural environment and infrastructure. In the context of the UNFCCC, the concept of loss and damage dates back to 1991, when the island state of Vanuatu, on behalf of the Alliance of Small Island States, evidenced the need to address the impacts faced by island states and their communities in response to climatic events. Subsequently, the Subsidiary Body for Implementation (SBI) defines Loss as the negative effects on valuable goods or services that cannot be repaired or restored, and Damage as effects on valuable goods and services that could be repaired or restored<sup>22</sup>. Joint Loss and Damage (L&D) is an evolving concept that is increasingly present in international climate change negotiations. The UNFCCC states that "*Loss and Damage constitute the negative effects attributed to climate variability and change to which the population has not been able to cope or adapt*"<sup>23</sup>. Thus, L&D are the result of

<sup>20</sup> Ecuador (2022). Fourth National Communication to the UNFCCC (draft).

<sup>21</sup> Idem.

<sup>22</sup> Ecuador (2022). Fourth National Communication to the UNFCCC (draft).

<sup>23</sup> "Technical paper on slow onset events". UNFCCC (2012)

a series of climate change impacts from extreme weather events and slow-onset events that negatively affect human and natural systems<sup>24</sup>.

Additionally, according to the IPCC Special Report on Global Warming of 1.5 °C, Loss and Damage (capital letters) is used to refer to the political debate under the UNFCCC after the establishment of the Warsaw Mechanism on Loss and Damage in 2013, which aims to “address loss and damage associated with climate change impacts, including extreme events” and slow-onset events in developing countries that are particularly vulnerable to the adverse effects of climate change. The lowercase letters (losses and damages) have been taken to refer broadly to damage from observed impacts and projected risks. There are three types of loss and damage: avoided, unavoided and unavoidable. Avoided loss and damage is used to describe the impacts of climate change that are avoided through adaptation and mitigation measures. Unavoided losses and damages are those that could have been avoided, however, adaptation and mitigation efforts were inadequate or late. While unavoidable losses and damages are those that occur despite ambitious mitigation and adaptation efforts, causing irreparable damage<sup>25</sup>.

So far, some countries have provided quantifications of L&D that are projected based on historical data, either in the form of absolute costs, annual loss of GDP (i.e. between 1% and 2% for the year 2030; between 1.8% and 8.6% for the year 2050, and 9.4% for the year 2100), percentage of land or agricultural production lost, or percentage of population affected by a given year or a particular threshold. These projections have also included details on the projected costs of climate change and how planned adaptation measures are expected to reduce them in the future<sup>26</sup>. The potential impacts of unmitigated anthropogenic climate change have implications for the economy, development, and resilience of the population, which is why L&D must be addressed as another line of action in addition to mitigation and adaptation<sup>27</sup>.

In the case of Ecuador, there is no official quantification of L&D, but there are national data in the Historical Base of Affectations, generated by the Monitoring Directorate of the National Risk and Emergency Management System (SNGRE given its Spanish acronym), which feeds the Inventory System of DesInventar Disasters, which is a conceptual and methodological tool for building databases of losses, damages or effects caused by emergencies or disasters, and that have served to support several studies that reflect the country's vulnerability to hydrometeorological and slow-onset events, evidencing the importance of recording and quantifying L&D as a tool for planning and designing measures to prevent, minimize and address L&D<sup>28</sup>. Despite of this, recently the government of Ecuador performed a first estimate to characterize losses and damages due to extreme hydrometeorological events associated with climate change. The analysis was developed on the formulation frame of the Fourth National Communication and Second Biennial Update Report and includes a quantification of goods, values and services affected by hydrometeorological events and an economic estimate of L&D linked to floods and droughts based on previous studies carried out for the country. The analysis was based on the identification of hydrometeorological events that may be potentially associated with climate change using the Catalog of Hazardous Events, provided by the National Risk and Emergency Management Service (SNGRE), available for the period 2010 - 2020. The catalog contains a list of hazardous events associated with natural or man-made hazards ordered by categories, however, for the analysis of hydrometeorological events, only floods, gales, undermining, waves, frosts, hailstorms, alluviums, and landslides were selected. It is important to note that even though this is a first effort to estimate L&D at the national level and reflect, to some extent, the detrimental impacts that the country suffers from hydrometeorological events- exacerbated by climate change- the analysis does not show an economic estimate of losses which limits its scope and undermines its potential as a tool to participate and benefit from the future implementation of the L&D mechanism under the UNFCCC.

Therefore, it is paramount for the country to effectively quantify current and future L&D through the strengthening of its National Risk and Emergency Management System as well as the bolstering of its current climate information systems so that Ecuador can: i) systematically report L&D under the guidelines and procedures expected by the UNFCCC and other international conventions and/or organizations, ii) integrate the concept of L&D in national planning instruments such as the Nationally Determined Contributions or the National Communications to facilitate negotiations and leverage additional climate financing for the country. Furthermore, for Ecuador to fully benefit from the implementation of the L&D mechanism, there is a need to build institutional

<sup>24</sup> Idem.

<sup>25</sup> Idem.

<sup>26</sup> “Report of the Executive Committee of the Warsaw International Mechanism for Loss and Damage associated with Climate Change Impacts”, UNFCCC (2015).

<sup>27</sup> Idem.

<sup>28</sup> Idem.

and technical capacities across relevant stakeholders to better comprehend its scope and setup a national framework for its implementation.

### 3. Policy and institutional context

Given the high vulnerability of the country to the negative impacts of climate change, the Government of Ecuador recognizes that climate change is a challenge that may adversely affect the safety development and well-being of the population. In consideration with this challenge, the Government has made efforts to reduce the vulnerability of its social, economic, and environmental, and at the same time identify the sectors of the economy in which to respond appropriately to reduce the GHG emissions at the national level and support adaptation efforts. Consequently, The Ministry of the Environment and various other State Portfolios have reached important progress in creating a framework policy for climate change management. These advances include: (1) the inclusion of specific references to the theme in the current Constitution of the Republic and in the National Plan for Good Living 2013-2017; (2) the declaration of adaptation and mitigation to climate change as Policy of Condition; (3) the establishment of an instance of public management for the management of the subject to level of Undersecretary of State and within the Ministry of the Environment; (4) the inclusion of specific references in different policy instruments and sectoral planning that contribute to climate change planning and implementation; and (5) creating a high-level inter-sectoral management instance for coordination and articulation of climate change matters: the Interinstitutional Climate Change Committee Climate (CICC)<sup>29</sup>.

Among the most significant advances in relation to the creation of the regulatory framework for climate change is the Executive Decree 1815, signed on July 2009, in which adaptation and mitigation to climate change were declared as a Policy of State and in which the Ministry of the Environment received the mandate to formulate and execute a national strategy, including mechanisms for coordination and ensure the inter-institutional articulation of all levels of the State. Additionally, Executive Decree 495, dated 20 October 2010 added new specific inputs on climate change, including that all entities in the public sector in Ecuador will progressively incorporate mitigation and adaptation criteria in its investment and pre-investment programs and projects. In addition, the Constitution of the Republic guides the policies and actions of Climate Change in the country; the charter Magna orders the State to promote energy efficiency, the development and use of practices and clean and healthy technologies, as well as adopt adequate and cross-cutting measures to support mitigation and adaptation to climate change. Under this precept mitigation and adaptation to climate change have been incorporated in national and sectoral planning to face the challenges that it represents for Ecuador. The National Plan for Good Living 2013-2017 (*National Development Plan*) contextualizes climate change as a multisectoral problem of national scope that must be addressed with programmatic measures that generate results in the medium and short term (objective 7).

Nonetheless, to achieve the overarching goals of the National Plan for Good Living 2013-2017 related to mitigation and adaptation to climate change, the government of Ecuador formulated the National Climate Change Strategy 2012-2025, under a logic of results in adaptation and mitigation in three specific periods from 2013 to 2017 to 2025. The elements structural for its implementation have to do with regional articulation; consistency with international principles; emphasis on local implementation; environmental integrity; protection of vulnerable groups and ecosystems; inter-generational responsibility; transversality and integrality. The ENCC provides a guide for the orderly management and coordination of climate change in Ecuador, pointing out the actions and measures that the country needs to promote to prepare it to face the problems linked to the impacts that entail climate changes and the frequent and intense extreme weather and climate events, that affect and, without a doubt, will continue to do so all sectors of the national economy. The ENCC stipulates the strategic line and the objectives of adaptation to climate change in Ecuador, directing it towards the reduction of social, economic, and environmental vulnerability against the impacts of climate change and indicating the expected results until 2013 and the action guidelines until 2025. Moreover, the government of Ecuador launched the National Climate Change Plan which is an instrument designed to mainstream Climate Change in the planning of the cross-sectoral initiatives executed at the national and sub-national level. The Plan integrates actions aimed at (1) capacity building, (2) mitigation and (3) adaptation to climate change in the following sectors: energy, agriculture, water, ecosystems, capacity building, risk management and territories.

In terms of L&D and the implementation framework under the UNFCCC, the government of Ecuador is yet to develop a national framework for its effective implementation. Although several planning instruments include amongst its priorities to mainstream adaptation to climate change actions across several sectors and implement disaster risk reduction practices to mitigate the negative impacts of climate change, there is a need for Ecuador

<sup>29</sup> Republic of Ecuador. Ministry of the Environment. (2012) National Climate Change Strategy of Ecuador 2012-2025.

to conceptualize L&D as a separate line of action to effectively participate in future negotiations and benefit from the implementation of its internationally agreed financial mechanism. By doing so, the country will be able to: i) mainstream L&D as a separate component in its climate change planning framework, ii) set the bases to participate in the negotiations and eventually benefit from the mechanism.

#### 4. Beneficiaries (direct and indirect)

This Readiness support will mainly benefit the government of Ecuador, represented by the Ministerio del Ambiente, Agua y Transición Ecológica (MAATE), by supporting the establishment and subsequent implementation of the L&D mechanism in the country. It is envisioned that the project will benefit the institutions/organizations that are part of: (i) Interinstitutional Climate Change Committee (CICC) body composed of representatives from several ministries (environment, energy and mines, foreign affairs, planning); (ii) The national entities that provide information related to climate, risk and Statistical Information such as National Statistical and census Institute (INEC), The Hydrological and meteorological National Institute (INAMHI), the National Risk and Emergency Management System (SNGRE given its Spanish acronym) as well as relevant stakeholders from the private sector, the NGO environmental sector and the academic sector.. In the long term, this Readiness support is expected to benefit most at-risk communities given the established capacities- after project execution- in the government of Ecuador avert, minimized and address L&D in the country to bounce back from climate related impacts through the future implementation of the L&D mechanism.

#### 5. Stakeholder engagement

It is expected that three types of stakeholders will be engaged.

- The National Designated Authority (NDA) that will strengthen capacities to design and institutionalize an L&D framework.
- In the short term: entities of the Interinstitutional Climate Change Committee (CICC) The national entities that provide information related to climate, risk such as the National Statistical and Census Institute (INEC), The Hydrological and meteorological National Institute (INAMHI) and the National Risk and Emergency Service.
- in the long term, the entire country will benefit from the institutional and financial mechanisms to address the L&D challenges, needs and opportunities.

For stakeholder engagement during the project, the diverse groups of stakeholders will get involved and will learn throughout the design and implementation of national L&D Framework. Depending on the relationship and interest level of each one of the key stakeholders, different participation strategies are designed, including:

- Strengthen knowledge and foster engagement of the general public and key stakeholders on climate change risk, impacts, adaptation, and L&D.
- Develop a stakeholder engagement plan to support the definition and establishment of a Strategic interinstitutional Committee, led by the NDA, which includes relevant stakeholders (public and private, which may include academic institutions, specialized consultants, national thinking tanks, key policy makers, among others). This committee will validate and provide guidelines in the development of the L&D Country Programme, and will have Technical Advisors
- Facilitate non-formal education and mobilization opportunities to different economic sectors and civil society organizations.

#### 6. Gender

Climate change affects women, men, boys, and girls in diverse ways. Entrenched and systemic discrimination can lead to gender-differentiated impacts of climate change with respect to health, food security, livelihoods, and human mobility, among other things. Intersectional forms of discrimination can make some women and girls more vulnerable to climate change, while excluding women and girls from climate action makes it less effective and further exacerbates climate harms<sup>30</sup>. Currently information regarding loss and damage is not compiled through a gender approach which limits the capacity of the national, regional, and local governments to understand the differential impacts climate change is having on men and women, particularly in rural areas where women are more vulnerable given the socioeconomic dynamics of the population. This condition hinders the ability of the several stakeholders to respond effectively to the specific needs men and women may have in the face of disruptions caused by climate shocks such as extreme weather events.

<sup>30</sup> Gender-responsive climate action (2022), Office of the High Commissioner for Human Rights.

Through the execution of this Readiness grant, the government of Ecuador will be able to understand better the differential threats and needs men and women have to the increasing impacts of climate change and thus design strategies that consider the differences in their level of vulnerability. Therefore, this Readiness proposal has been designed to be executed through a gender approach so that men and women have an equal opportunity to participate and contribute to the different outcomes. This can be seen under several activities in which it has been indicated that gender sensitive methodologies must be used to encourage equal participation. Similarly, the Gender Strategy for this project is based on the GCF's recommendations to address the gender approach, meaning "gender-responsive"<sup>31</sup>. This perspective proposes the need to define activities, objectives and results that include<sup>32</sup>:

- Gender-friendly policies, institutions, coordination mechanisms and regulatory frameworks, which improve incentives for both climate resilience and the effective implementation of the L&D framework.
- Climate information and scientific research outputs/services identifying differential knowledge and impacts that contribute to the L&D measures. This helps plan development and decision-making in climate-sensitive sectors.
- Climate-related early warning systems, climate risk reduction actions and L&D measures discriminating between women and men, making clear gender specificities in reducing vulnerability. In this specific case, we will focus on capacity building.
- Men and women being aware of climate threats, impacts, L&D and related appropriate responses. For this specific case, the need for initiatives has been defined to improve sustainability and quality of life of the population.

## 7. Scope of the proposed Readiness and Preparatory support and project description

Based on the previous section, a need has been identified to foster the enabling conditions for the government of Ecuador to set the bases for the implementation of the UNFCCC L&D mechanism and benefit from its future implementation. To achieve this, this Readiness support will focus on four principal areas in which institutional, technical, and operational needs have been identified. Firstly, even though the government of Ecuador has a National Risk and Emergency Management System (SNGRE given its Spanish acronym), there is an urgent need to systematically characterize all future L&D attributable to climate change in an effective and transparent manner so that the government of Ecuador has sufficient science-based data to: i) report at the national and international level and ii) negotiate in the framework of the UNFCCC to benefit from the future implementation of the L&D mechanism and iii) leverage additional climate funding to address financial gaps and barriers. This includes that losses and damages are quantified not only in terms of frequency but also in terms of financial losses and that the current climate information systems are bolstered, so that L&D can be estimated, and actions can be planned and undertaken. Secondly, there is a need to create institutional and technical capacities so that the concept of L&D can be mainstreamed into the national climate change planning framework of the country and through the different national, subnational, and sectoral planning instruments, including the NDCs and the national communications. Thirdly, there is a need to establish financial mechanisms or strategies that enable Ecuador to financially address L&D through the implementation of targeted actions or planning. Finally, there is a need to collectively build knowledge on the scope and functioning of the L&D mechanism across different stakeholders, public and private, so that L&D can be conceptualized as a separate line of action to adaptation and mitigation. This includes the strengthening of dialogue, negotiations, coordination coherence and synergies between relevant stakeholders so that there is common language around L&D across different institutions and coordination schemes.

Additionally, the partners institutions in Ecuador that contribute to the management of climate risk present challenges regarding to the quantification of economic and non-economic losses and damages mainly related to the lack of exhaustively compiled and disaggregated data. Partially, this can be explained by the lack of standardized formats and country-responsive methodologies that allow national institutions to assess losses and damages directly associated to extreme weather and slow-onset events. Other barriers and gaps include limited resources to support and operate climate disaster databases; limited capacity to capture indirect losses from hydrometeorological events, limited resources to operate and upgrade national IT disaster quantification

<sup>31</sup>The term "gender-responsive" derives from the instruments of the United Nations Framework Convention on Climate Change (UNFCCC) to promote and mainstream the gender approach, especially as regards the alignment between climate change initiatives and initiatives to conform to the CEDAW and the Beijing Platform. As well as with the fundamental aspects established by the NDC-SP Global for gender approach based on the guidelines of the Gender Action Plan of the UNFCCC. A gender-sensitive, gender-responsive, gender-transformative scale is established. This scale shows the scope and political decision of each project to incorporate and mainstream gender in its initiative. [https://unfccc.int/sites/default/files/resource/cp2019\\_L03S.pdf](https://unfccc.int/sites/default/files/resource/cp2019_L03S.pdf)

<sup>32</sup> Ibid.



infrastructure, and limited capacity to generate interoperable data that can be stored and shared between different institutions. To further fully comprehend the existing capacities related to the collection, registration, quantification and report of loss and damage information and identify additional gaps and barriers, this Readiness will conduct a L&D baseline review to provide recommendations and propose synergies among institutions.

**The main goal this Readiness support is to create, and bolster enabling conditions in Ecuador to effectively conceptualize the L&D mechanism and set the institutional, technical, and operational capacities for its future implementation in the country.** If the L&D mechanism is conceptualized and the institutional, technical and operation capacities around L&D are established and strengthened, then Ecuador will be able to: i) benefit from the implementation of the L&D mechanism, ii) report climate related losses and damages at the national and international level, and iii) mainstream L&D as a separate action line- to adaptation and mitigation- in its climate change planning framework, because, Ecuador will have bolstered its capacity to promote the establishment and subsequent implementation of a nationally agreed framework for the L&D mechanism. In terms of the project description, this Readiness support has been designed to complement the existing climate change planning framework of Ecuador by identifying the necessary conditions to mainstream the L&D international framework across the national policy and regulatory framework. On one hand, this readiness support will identify the enabling conditions to establish and subsequently implement the L&D mechanism considering the current policy, and the main institutional and operational needs. Additionally, it will support the government of Ecuador to structure and officialize an intersectoral working group- under the Interinstitutional Committee on Climate Change- that can operationalize the L&D mechanism at the national level and promote the mainstreaming of losses and damages consideration across national, subnational, and sectoral policies and planning instruments. Moreover, the grant will support the creation of L&D information exchange interinstitutional mechanism that enables the working group to inform policies and report on the loss and damage status of the country.

On other hand, this readiness support will create institutional and technical capacities to track down economic and non-economic losses and damages in the country, through the elaboration of protocol and methodologies that enable stakeholders to perform loss and damage evaluations and estimations. This will allow the L&D framework to be strengthened through a bottom-up approach. Additionally, the first national loss and damage evaluation will be performed and a national plan to address it will be developed so that measures to reduce, mitigate and bounce back from climate-related impacts can be identified. Furthermore, extensive capacity building processes will be implemented- in person and virtually- to create further capacities on the quantification, registry, assessment and report of loss and dangers at various levels and sectors. Finally, a communication strategy will be deployed to disseminate knowledge and lessons learned regarding the L&D mechanism and to increase the awareness raising related to loss and damage planning and response.

Based on the above, the Government of Ecuador, through its NDA, has prioritized the implementation of this Readiness support. The grant has been structured through the following outcomes:

1. Outcome 2.2: GCF recipient countries have developed or enhanced strategic frameworks to address policy gaps, improve sectoral expertise, and enhance enabling environments for GCF programming in low emission investment.
2. Outcome 5.2: Partnerships established to foster development and dissemination of methods, frameworks, and information systems for enhanced climate finance programming at subnational, national, and regional levels.

## **8. Main institutional, operational, and financial barriers.**

This Readiness support will seek to address a series of technical, institutional, operational, and financial barriers that have been identified and that need to be overcome to achieve the outcomes of the projects. These barriers have been identified collectively with the MAATE through different consultations as well as through the revision of different planning instruments including the Fourth National Communication (draft), the NDC and other relevant reports such as the World Bank Group Climate Risk Country Profile of Ecuador.

The main barriers are as follows:

1. **There are no governance mechanisms put in place specifically targeted at supporting the establishment and subsequent implementation of the L&D mechanism in the country.** Although Ecuador has a well-established climate change planning framework together with corresponding governance mechanisms, there is no policy framework put in place to specifically support the implementation of the L&D mechanism at the national, subnational, and sectoral level. Additionally,

currently there are no intersectoral working groups in the Interinstitutional Committee on Climate Change that can address L&D from a distinct perspective to adaptation planning and therefore set miles for the mainstreaming of L&D as a vital component of the national and sectoral development.

2. **There is limited financial capacity to address economic needs and gaps derived from L&D caused by the negative effects of climate change in the country.** Given the high vulnerability of Ecuador to the negative effects of climate change, the country has identified the need to create and/or strengthen the conditions to promote the implementation of the L&D framework at the national level. This will not only enable the country to participate effectively during the negotiations under the UNFCCC but also to benefit from the future implementation at the international level. Additionally, given the limited financial capacity to respond to the increasing multi-sector effects associated to the current and future negative impacts of climate change, the government of Ecuador has identified the need to establish new financial mechanisms to deal with L&D.
3. **There is a limited capacity to collect, register, quantify and report information regarding Loss and Damage (L&D) at the national and subnational level.** Although Ecuador has a national database of impacts due to man-made and natural hazards in the Historic base of impacts, generated by the Monitoring Directorate of the National Risk and Emergency Management System (SNGRE); there are no national registries that quantify L&D in the country. Additionally, it is necessary to carry out approaches related to L&D at the local level, apply and develop tools that help understand and estimate economic and non-economic losses and damages, and take actions to reduce, minimize and respond to L&D associated with the detrimental effects of climate change.
4. **There is limited institutional and technical capacity to mainstream L&D across climate change planning frameworks at the national, subnational, and sectoral level.** Given that L&D is an issue that needs to be addressed using different approaches to those already identified for mitigation and adaptation to climate change, it is necessary to create and/or bolster institutional and technical capacities in different stakeholders so that Ecuador can mainstream the concept across existing climate change planning frameworks and corresponding instruments. According to the Fourth National Communication (draft), the concept of L&D must be defined and clearly included in instruments such as the NDC or the National Communications so that the enabling conditions for its future implementation can be put in place. This will not only facilitate negotiations in national and international frameworks but also foster the conditions to leverage additional funding, needed to address economic needs. Furthermore, it is essential that decisions at the international level are based on the definition of adequate governance mechanisms that allow the management of L&D to become operational at the national, subnational, and sectoral level.
5. **There is a limited knowledge base regarding the L&D mechanism across various levels that can contribute to its effective implementation in the short-to medium term.** Although the Fourth National communication (draft) makes a first approach to conceptualize the L&D mechanism as an important concept within the national climate change planning framework, there is a limited understanding regarding its operational requirements, functioning and benefits which constrains the creation and/or reinforcement of the enabling conditions needed for its effective implementation.

The specific way in which these barriers are expected to be overcome has been included under section 4 (Theory of Change).

## **9. Complementary with the National Adaptation Plan Process and the GCF funded FP110 Ecuador REDD-plus RBP**

The results of this Readiness grant are expected to build from and to contribute to the National Adaptation Plan. The National Adaptation plan process in Ecuador was officially launched in 2017 through an Inception Workshop, which convened stakeholders involved in climate change adaptation management in the country. The NAP was further strengthened through a NAP Readiness support funded by the GCF and implemented by the United Nations Development Programme (UNDP). The grant is expected to complete its execution in December 2022 and its main contribution is the improvement of available climate projections and trends, including continental and oceanic projections, the development of vulnerability and climate risks assessments- at the sectoral level- and the elaboration of guidelines to integrate climate change adaptation into development planning.

Considering that losses and damages can be avoided with the implementation of adaptation measures considering soft and hard limits to adaptation and reduced with mitigation actions as indicated in the IPCC Group II report, near-term actions that limit global warming to close to 1.5°C would substantially reduce projected losses and damages related to climate change in human systems and ecosystems, compared to higher warming levels, but cannot eliminate them all (very high confidence). Although adaptation can generate multiple additional

benefits such as improving agricultural productivity, innovation, health and well-being, food security, livelihood, and biodiversity conservation as well as reduction of risks and damages (very high confidence); adaptation has its limits and many natural and human ecosystems have already reached them. Therefore, this readiness support will consider the results of climate risk and the adaptation measures proposed within the NAP to establish the national L&D framework and to inform the methodologies necessary to address the projected losses and damages of an economic and non-economic nature in the country.

Finally, it is important to mention that the execution of this Readiness support will consider the outcomes of the FP110 Ecuador REDD-plus RBP, aimed at using the results-based payments from the REDD+ activities implemented in previous years to invest in additional activities that support the implementation of their national REDD+ action plan; including developing policies and institutional management for REDD+; transitioning to sustainable agricultural production systems; sustainable forest management, conservation, and restoration; and managing a national REDD+ action plan. To ensure, complementarity between these two projects, the coordination unit of the FP110 Ecuador REDD-plus RBP will be briefed on the aim of this Readiness support at the start of the implementation phase of this Readiness support. Given that restoration, reforestation, and soil conservation-oriented activities have a direct impact in lowering risk in areas prone to flooding, landslides and desertification, special attention will be given to the activities included in the FP110 Ecuador REDD-plus RBP project, to collect inputs for the elaboration of the National Plan to address losses and damages and to the training processes to be conducted under output 5.2.1. However, CAF and the MAATE will look for further synergies as this Readiness grant is executed.

### 3. LOGICAL FRAMEWORK

Outcomes	Baseline	Targets	Outputs	Activities (brief description)	Deliverables
Outcome 2.2: GCF recipient countries have developed or enhanced strategic frameworks to address policy gaps, improve sectoral expertise, and enhance enabling environments for GCF programming in low emission investment.	The country does not meet the conditions to establish and subsequently implement the L&D mechanism according to international standards.	The enabling conditions necessary to establish and implement the L&D mechanism are identified and the systems to compile and process data regarding loss and damages is strengthened to subsequently support its implementation at the national, regional, and local level.	Output 2.2.1: Institutional, technical, and operational conditions for the establishment and future implementation of a L&D national framework at the national level are established, through the analysis of the current gaps, barriers, and opportunities to create a country-responsive L&D mechanism, and the establishment of a Intersectoral working group and an information exchange interinstitutional mechanism that allows its future implementation.	Activity 2.2.1.1: <b>Loss and damage baseline review.</b> Conduct a baseline review of the existing climate change and risk information- particularly climate projections and sectoral vulnerability and risk assessments developed within the framework of the NAP process- to identify key information as well as potential information gaps, regarding losses and damages, that allow the country to continually assess losses and damages according to national and international standards and that support the establishment and implementation of the L&D mechanism in the country.	<b>Deliverable 2.2.1.1:</b> An assessment report of existing key information as well as information gaps regarding losses and damages. The report should provide potential recommendations to address the information gaps identified.
				Activity 2.2.1.2: <b>L&amp;D mechanism definition and justification report.</b> Based on the baseline information review conducted in activity 2.2.1.1; develop a technical report that includes: i) a definition of the L&D mechanism that applies to the national circumstances and regulatory framework the country and ii) a comprehensive science-based justification that supports the establishment and of the L&D framework in the country and highlights its interlinkages with the current and future climate change impacts and risks.	<b>Deliverable 2.2.1.2:</b> A technical assessment containing the definition of the L&D mechanism that applies to the national circumstances of the country and a solid science-based justification that supports the establishment and implementation of the L&D framework.

Outcomes	Baseline	Targets	Outputs	Activities (brief description)	Deliverables
				<p>Activity 2.2.1.3: <b>L&amp;D policy framework analysis.</b> Analyze the current national legislation relevant for the application, registration, quantification, and evaluation of the L&amp;D mechanism at the national level and identify entry points for the establishment of a national framework that can be implemented at the country level. The analysis should recommend the revision and/or creation of specific L&amp;D policies that enable the mechanism to be operational across existing governance mechanisms related to climate change planning and financing.</p>	<p><b>Deliverable 2.2.1.3:</b> An assessment report outlining institutional recommendations to establish- and subsequently implement- a national L&amp;D framework at the country level.</p>
				<p>Activity 2.2.1.4: <b>L&amp;D technical and operational barriers and opportunity assessment.</b> Identify the main technical and operational barriers, gaps, priorities, and opportunities to establish and implement the L&amp;D mechanism at the national, subnational, and sectoral level. For the sectoral level, the analysis should focus on the sectors prioritized on the latest version of the country's NDC.</p>	<p><b>Deliverable 2.2.1.4:</b> An assessment report detailing the main technical and operational barriers, gaps, priorities, and opportunities to establish and implement the L&amp;D mechanism at various levels. For the barriers and gaps identified, the report should include a list of recommendations to address them.</p>
				<p>Activity 2.2.1.5: <b>Stakeholder mapping and roles and responsibilities assessment.</b> Based on the analyses conducted in activities 2.2.1.3 and 2.2.1.4; conduct a stakeholder mapping relevant for the establishment and subsequent implementation of the L&amp;D mechanism at the country level. The mapping should consider the identification of relevant stakeholders from the public and private sector as well as a description on their potential roles and responsibilities.</p>	<p><b>Deliverable 2.2.1.5:</b> A technical report containing the stakeholder map and the description of their potential roles and responsibilities in the design of different strategies to address losses and damages in the country from an institutional, technical, operational, and financial perspective.</p>

Outcomes	Baseline	Targets	Outputs	Activities (brief description)	Deliverables
				<p>Activity 2.2.1.6: <b>L&amp;D Intersectoral working group.</b> Based on the results from activity 2.2.1.5; support the establishment of an intersectoral working group to spearhead the implementation framework of the L&amp;D mechanism in the country and the definition an operational framework/mechanism to comprehensively guide the work of the working group beyond completion of this Readiness support. This working group will be linked to the governance model of the Interinstitutional Committee on Climate Change already put in place and should include representatives from the private sector to support the identification of gaps and opportunities in the design of new climate financing mechanisms.</p>	<p><b>Deliverable 2.2.1.6:</b></p> <ul style="list-style-type: none"> <li>(a) A report containing an institutional, technical, and financial needs assessment to establish and operationalize a L&amp;D working group linked to the Interinstitutional Committee on Climate Change.</li> <li>(b) A proposal to establish the L&amp;D working group based on the needs assessment and considering the relevant national policy framework. This includes an analysis of roles and responsibilities to become operational (Terms of reference)</li> <li>(c) An institutional framework/mechanism to comprehensively guide the work of the L&amp;D working group after project execution and feed its results into the National Climate Change Planning Framework.</li> <li>(d) A draft of a legal instrument- draft decree- that underpins the establishment of the working as part of the National Climate Change Planning Framework and that can be used by the MAATE to legally officialize it during or after project execution.</li> </ul>
				<p>Activity 2.2.1.7: <b>L&amp;D information exchange interinstitutional mechanism.</b> Using inputs from the stakeholder mapping process conducted in activity 2.2.1.5 as well as the potential conformation of the L&amp;D working group defined in activity 2.2.1.6; support the design and establishment of an interinstitutional mechanism to the facilitate flow of relevant information between national and subnational stakeholders regarding losses and</p>	<p><b>Deliverable 2.2.1.7:</b></p> <ul style="list-style-type: none"> <li>(a) A proposal to establish the L&amp;D information exchange interinstitutional mechanism outlining a list of relevant institution from the national and subnational level and detailing their potential roles and responsibilities.</li> <li>(b) A draft of a legal instrument that can be used by the MAATE to legally officialize L&amp;D information exchange</li> </ul>

Outcomes	Baseline	Targets	Outputs	Activities (brief description)	Deliverables
				damages that enables the working group established in activity 1.1.1.4 to inform the revision, update and/or creation of new policies and planning instruments in line with national priorities and international L&D negotiations.	interinstitutional mechanism during or after grant execution.
				Activity 2.2.1.8: <b>Private sector engagement plan.</b> As part of the functions of the L&D Intersectoral working group, develop a private sector engagement plan in which entry points and opportunities to engage the private sector in the L&D planning and implementation framework are identified.	<b>Deliverable 2.2.1.8:</b> A private sector engagement plan which clearly identifies entry points and opportunities to engage the private sector in the L&D planning and implementation framework.
			Output 2.2.2: The capacities of the national government to identify, quantify, analyze, and report information and data on climate related losses and damages at the national level is strengthened through the development of assessments, protocols, and methodologies.	Activity 2.2.2.1: <b>L&amp;D international experiences assessment report.</b> Gather, compile, and analyze international experiences on the identification, register, classification, quantification and report of losses and damages to identify the technical enabling conditions required to effectively quantify and report losses and damages at the national and international level.	<b>Deliverable 2.2.2.1:</b> A assessment report of the international experiences gathered on the L&D mechanism together with institutional, technical, and operational recommendations to support its establishment and implementation at the country level.

Outcomes	Baseline	Targets	Outputs	Activities (brief description)	Deliverables
				<p>Activity 2.2.2.2: <b>L&amp;D survey and register national protocol.</b> Using inputs from the results of activity 2.2.2.1; develop a national protocol to survey and register losses and damages specifically associated to extreme weather events and slow on-set events.</p>	<p><b>Deliverable 2.2.2.2:</b> A national protocol to survey and register L&amp;D specifically associated to extreme weather events and slow on-set events.</p>
				<p>Activity 2.2.2.3. <b>Consultation workshop to conduct a baseline of current loss and damage methodologies.</b> Conduct a consultation workshop with relevant stakeholders from the public, private and academic sector to analyze current methodologies used to estimate losses and damages in the country and identify potential opportunities to align them with the data and information required to implement the L&amp;D framework at the national, subnational, and local level. The workshop should be conducted through a gender approach to promote an equal participation between men and women.</p>	<p><b>Deliverable 2.2.2.3:</b> A workshop report summarizing the inputs collected from different stakeholders, including recommendations to align current methodologies to the data and information required to inform the national L&amp;D framework. The report should also include annexes that show the materials used and the list of participants disaggregated by gender.</p>



Outcomes	Baseline	Targets	Outputs	Activities (brief description)	Deliverables
				<p>Activity 2.2.2.4: <b>Losses and damages quantification and estimation methodologies.</b> Using inputs from the results of activity 2.2.2.1 and 2.2.1.2; elaborate methodologies to quantify, estimate and evaluate economic and non-economic losses and damages specifically related to extreme weather events and slow onset events. The methodologies should also consider the quantification and estimation of potential losses and damages- under different climate scenarios- considering current adaptation limits and residual climate risks. For the estimation of potential losses and damages, the methodologies should consider the use of the latest available climate change scenarios and projections as well as the latest national, subnational, and sectoral level climate vulnerability and risk information, provided by the MAATE through the National Adaptation Plan process</p>	<p><b>Deliverable 2.2.2.4:</b> A technical document including different methodologies to estimate economic and non-economic losses and damages derived from extreme weather events and slow on-set events, including different plausible methodologies to estimate potential economic and non-economic losses- under different climate scenarios- considering current adaptation limits and residual climate risks.</p>

Outcomes	Baseline	Targets	Outputs	Activities (brief description)	Deliverables
				<p>Activity 2.2.2.5: <b>Validation workshop to define nationally agreed quantification loss and damage methodologies.</b> Based on the methodologies defined in activity 2.2.2.3, conduct a workshop with relevant actors to validate the methodologies proposed and agree on a set of country-responsive methodologies that can be used to inform the subsequent implementation of the L&amp;D mechanism and other process such as the National Adaptation Plan process. Additionally, develop a technical manual on the use of the methodologies so that can it be used by different stakeholders.</p>	<p><b>Deliverable 2.2.2.5:</b> A technical document containing a set of nationally agreed country-responsive methodologies to inform the L&amp;D mechanism and other processes such as the National Adaptation plan process, and a workshop report that has annexes that show the materials used and the list of participants disaggregated by gender.</p>

Outcomes	Baseline	Targets	Outputs	Activities (brief description)	Deliverables
				<p>Activity 2.2.2.6: <b>Climate Change National Register (RNCC) loss and damage online component.</b> Using the national protocols and methodologies from activities 2.2.2.2 and 2.2.2.3, respectively; quantify and estimate damages and losses at the subnational and sectoral level and establish an online component within the existing Climate Change National Register (RNCC) platform with the information and indicators compiled, that allows the national government to inform the future implementation of the L&amp;D mechanism as well as the strengthening of its regulatory and policy framework. The establishment of the online component shall include a methodology to track down the evolution of the losses and damages status and thus continuously update the information as applicable.</p>	<p><b>Deliverable 2.2.2.6:</b></p> <ul style="list-style-type: none"> <li>(a) An online component within the RNCC platform with information and indicators on losses and damages.</li> <li>(b) A methodology to track down the evolution of the losses and damage status of the country to continuously update the component as required.</li> </ul>
				<p>Activity 2.2.2.7: <b>Loss and Damage first national evaluation.</b> Using the information and data compiled in activity 2.2.2.4; elaborate the first national evaluation of losses and damages and develop a technical report.</p>	<p><b>Deliverable 2.2.2.7:</b> A technical report on the first national evaluation of Loss and Damage for Ecuador. This technical report includes a submission with the main points of analysis of the international negotiations related to L&amp;D.</p>
			<p>Output 2.2.3: A national plan to address losses and damages is elaborated through the implementation of national level consultation process that involves multiples stakeholders from the public, civil, academic, and private sector.</p>	<p>Activity 2.2.3.1: <b>Consultation workshops to elaborate the National Plan to address losses and damages.</b> Conduct twelve (12) participatory workshops- three (3) per region- to: i) prioritize sectors to be included in the National Plan to address losses and damages and Ecuador and ii) collect technical inputs for its elaboration. The workshops will target 50 participants - each- and should be conducted through a gender approach and promote the</p>	<p><b>Deliverable 2.2.3.1:</b> Technical report of the workshops conducted, including an assessment of the sector prioritized, a list of participants disaggregated by gender and the technical inputs collected from every workshop.</p>

Outcomes	Baseline	Targets	Outputs	Activities (brief description)	Deliverables
				<p>participation of youth and representatives from Indigenous communities. Representatives from national, regional, and local governments will be considered, as well as members of the private, academic, and public sectors. The list of participants will be defined with the support of the MAATE and using inputs from the result of the stakeholder mapping conducted in activity 2.2.1.5.</p>	
				<p>Activity 2.2.3.2: <b>National Plan to address losses and damages first draft.</b> Based on the results from the consultation workshops conducted in activity 2.2.3.1; elaborate a first complete draft of the National Plan to address losses and damages. This plan must be aligned with the National Adaptation Plan and the adaptation component of the NDC, and specifically consider the list of adaptation measures identified at the sectoral, subnational, and national level.</p>	<p><b>Deliverable 2.2.3.2:</b> Draft of the National Plan to address losses and damages in Ecuador.</p>
				<p>Activity 2.2.3.3: <b>Validation process and National Plan to address losses and damages definitive version.</b> Conduct a validation process of the first complete draft of the plan elaborated in activity 2.2.3.2 to incorporate potential revisions and comments, and integrate the information and data from the first national evaluation on losses and damages from activity 2.2.2.5, to develop a definitive version that can be officialized as a planning instrument by the MAATE. The validation process will be led by the MAATE and relevant institutions such as the National</p>	<p><b>Deliverable 2.2.3.3:</b></p> <ul style="list-style-type: none"> <li>(a) Technical report of the validation processes conducted to revise the first draft of the National Plan to address losses and damages, including a list of participants, disaggregated by gender.</li> <li>(b) A definitive version of the National Plan to address losses and damages that can be officialized by the MAATE as a national planning instrument.</li> </ul>

Outcomes	Baseline	Targets	Outputs	Activities (brief description)	Deliverables
				Statistical and Census Institute (INEC), the Hydrological and meteorological National Institute (INAMHI) and the National Risk and Emergency Service are expected to participate.	

Outcomes	Baseline	Targets	Outputs	Activities (brief description)	Deliverables
Outcome 5.2: Partnerships established to foster development and dissemination of methods, frameworks, and information systems for enhanced climate finance programming at subnational, national, and regional levels	There has not been a nationwide training process nor a communication strategy to disseminate knowledge regarding losses and damages in the country.	Technical capacities and awareness raising regarding losses and damages will be created through a national level training programme and comprehensive communication strategy.	Output 5.2.1: Knowledge and awareness raising regarding the L&D mechanism is increased through the implementation of a broad training programme and the deployment of nation-wide communication strategy.	Activity 5.2.1.1: <b>Design of a Loss and damage nationwide training programme.</b> Based on the results from activities 2.2.1.2, 2.2.2.2 and 2.2.2.3; design an in person & virtual training programme for approximately 200 people- from the national, subnational, and sectoral level- regarding the L&D mechanism that covers three technical topics: i) International context of L&D, ii) L&D quantification methodologies, and iii) L&D in territorial planning.	<b>Deliverable 5.2.1.1:</b> Technical report containing the modules designed to conduct both the virtual and in-person training process.
				Activity 5.2.1.2: <b>Loss &amp; Damage Massive Open Online Course (MOOC).</b> Based on the design on the training programme conducted in activity 5.2.1.1; conduct a public MOOC hosted in the national Climate Change National Register (RNCC).	<b>Deliverable 5.2.1.2:</b> Technical document that describes the modules of the training programme and the corresponding teaching materials. Additionally, the report should include the list of participants disaggregated by gender and a pre- and post-workshop survey to evaluate its effectiveness.
				Activity 5.2.1.3: <b>Loss and Damage training workshops:</b> Based on the design of the training programme conducted in activity 5.2.1.1, conduct four (4) two-day workshops-one for each region- for 50 representatives from the public and private sector. The workshops should be conducted through a gender approach and promote the participation of youth and representatives from Indigenous communities.	<b>Deliverable 5.2.1.3:</b> Technical report of the four training workshops conducted to build capacities on the L&D mechanism at the national level. The report should include the agenda, materials, list of participants disaggregated by gender, and a pre- and post-workshop survey to evaluate its effectiveness.
				Activity 5.2.1.4: <b>Climate Change National Register (RNCC) virtual training module on losses and damages.</b> Based on the structure of the training programme in activity 5.2.1.1; design and create a L&D training module	<b>Deliverable 5.2.1.4:</b> (a) An operational virtual training module within the Climate Change National Register (RNCC).

Outcomes	Baseline	Targets	Outputs	Activities (brief description)	Deliverables
				<p>within the Climate Change National Register (RNCC) to ensure a continuous training of relevant stakeholders after grant execution. Additionally, develop a technical manual so that the MAATE can perform future updates as required.</p>	<p>(b) A technical manual to support the future update of the training module.</p>
				<p>Activity 5.2.1.5: <b>Communication strategy and corresponding products.</b> Develop a national level communication strategy that delivers key messages on how to detect, what to communicate, what audience to target, what channel to use, as well as relevant communication products including videos, posts, interactive tools, etc., that meet the requirements established by the MAATE. The communication strategy will be delivered to an open audience including the public, private, academic, and civil sector. The communication strategy should be designed under a gender approach and should promote and inclusive language.</p>	<p><b>Deliverable 5.2.1.5:</b></p> <p>(a) A comprehensive L&amp;D Communication Strategy that can be implemented at the national level.</p> <p>(b) A set of communication products including videos, posts, interactive tools, etc. that meet the requirements of the Communication Strategy.</p>

### 4. THEORY OF CHANGE

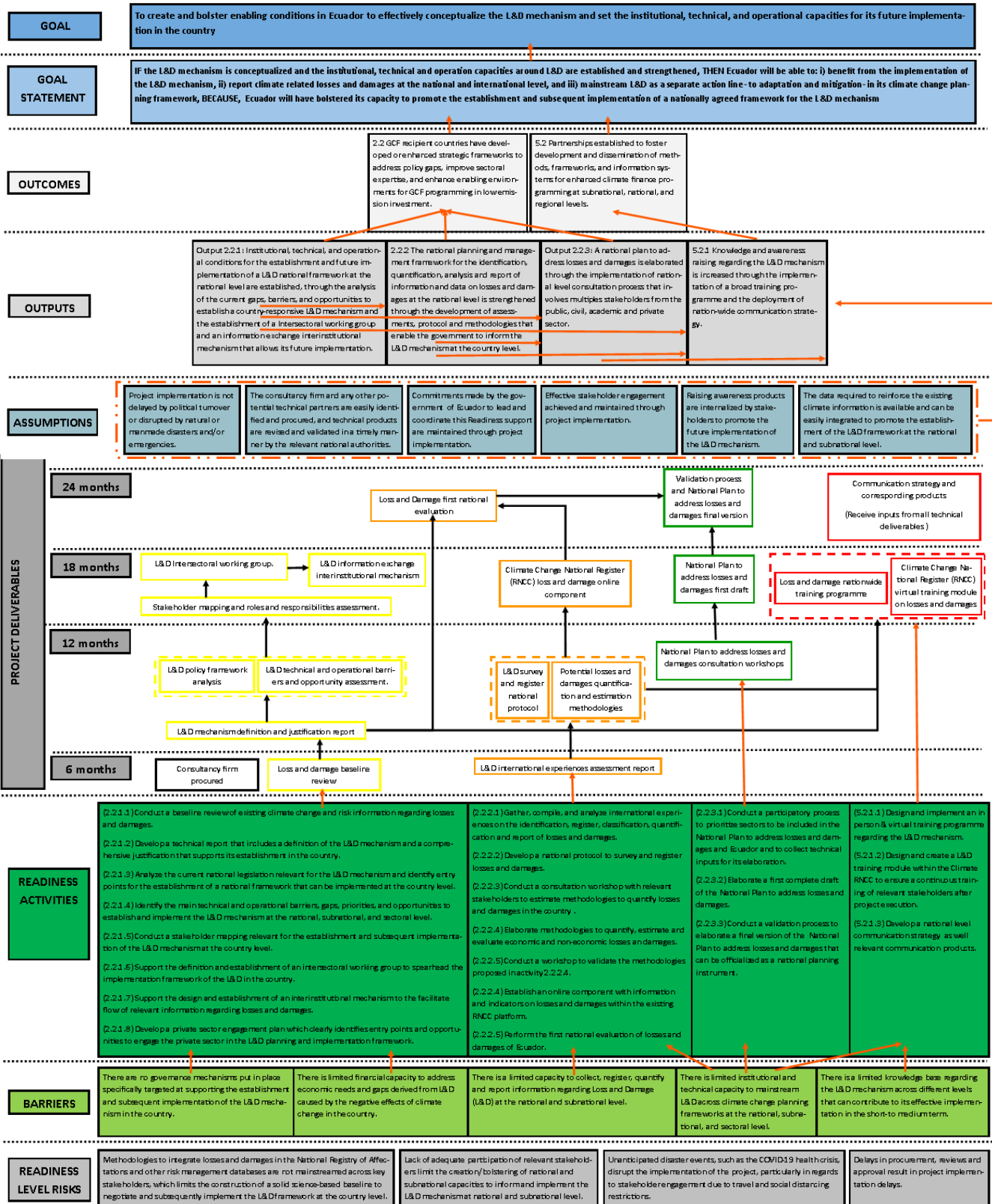


Figure 1. Theory of change Diagram.



The theory of change above was constructed to reflect the temporality and the relations between the different grant activities/deliverables as well as to consider the different risks and assumptions made to achieve the grant results (outputs). Additionally, the diagram shows the chain of results expected to be produced by the Readiness support whose main goal is to create and bolster enabling conditions in Ecuador to effectively conceptualize the L&D mechanism and set the institutional, technical, and operational capacities for its future implementation in the country. Furthermore, the diagram illustrates the barriers that this Readiness support will seek to overcome by providing institutional, technical, and operational analyzes, engaging different stakeholders, producing technical inputs, and generating knowledge through the process. The color partner in the output section shows the relation between the different deliverables: deliverables outlined in yellow refer to outputs related to the identification of enabling conditions to put in place an effective institutional framework for the establishment and implementation of the L&D mechanism in the country, ii) deliverables outlined in orange refer to outputs related to the development of technical inputs aimed at developing protocols and methodologies that enable the quantification, register, estimation, assessment and report of losses and damages at the national, subnational, and sectoral level, iii) deliverables outlined in green refer to outputs related to the development of the first official National Plan to address damages and losses and iv) deliverables outlined in red refer to outputs related to the creation of technical capacities regarding losses and damages, and to the development of a communication strategy and awareness raising communication products.

*Theory of change narrative:*

This Readiness and support grant includes **4 outputs** which seek to: **i)** identify the institutional and technical requirements to establish and implement the L&D mechanism in the country, this includes elaborating an official definition aligned with the country's policy and regulatory framework and developing a science-based justification based on existing primary and secondary information related to climate information and risk information, and structuring an official interinstitutional working group- under the Interinstitutional Committee on Climate Change (CICC)- to spearhead the officialization and subsequent implementation of the L&D in the national territory; **ii)** develop assessments, protocols and methodologies to effectively quantify, register, assess and report losses and damages at the national, subnational and sectoral level to inform the establishment and subsequent implementation of the L&D mechanism; **iii)** strengthen the loss and damage national planning and management framework through the identification of nationally-agreed actions and measures that allow the government to reduce economic and non-economic impacts from the occurrence of extreme weather and slow onset events; and **iv)** build technical capacities and increase awareness raising in regards to the implementation of the L&D framework at different scales.

To achieve the above, the readiness grant faces a set of **generalized risks** that need to be taken into consideration, these include ( see also section 6.3): **a)** political - Change of authorities and technical team during the implementation of project; **b)** stakeholders involvement - Lack of coordination among stakeholders involved in the gathering and processing of data; **c)** Economic - Reduction of the national budget, cause reduction of personnel and reduction of institutions; **d)** information availability – Lack of manage and access to institutional information; **e)** lack of coordination - Activities are not complementarity to other readiness activities; **f)** operational - Large number of consultants delay procurement of consultants and/or timely delivery of deliverables; **g)** External disruption - The project suffers from a natural or external disaster that hinders its operation; **h)** Compliance – Anti-money Laundering and Counter-Financing Terrorism, harassment and other misconduct and prohibited practices; **i)** COVID 19 - Project consultants, coordinator or counterparts become infected with COVID19; **j)** Sustainability of trainings - The contents of the trainings are not adopted by the beneficiaries of said activities and/or are not part of actions beyond the time of implementation of the project . The specific way in which CAF and the MAATE will address these risks and reduce their potential impacts is explained in section 6.3. Furthermore, for the project to thrive and achieve the main goal a series of **assumptions** are being considered, these include: **1)** the project implementation is not delayed by political turnover or disrupted by natural or manmade disasters and/or emergencies, **2)** the consultancy firms and any other potential technical partners are easily identified and procured, and technical products are revised and validated in a timely manner by the relevant national authorities, **3)** commitments made by the government of Ecuador to lead and coordinate this Readiness support are maintained through project implementation, **4)** effective stakeholder engagement is achieved and maintained through project implementation, **5)** raising awareness products are internalized by stakeholders to promote the future implementation of the L&D mechanism and **6)** the data required to reinforce the existing climate information is available and can be easily integrated to promote the establishment of the L&D framework at the national and subnational level. The previous assumptions will guarantee an effective implementation of this Readiness support.

Furthermore, the structure of the project has been designed to address **output-specific barriers** that have been identified through the revision of official planning instruments such as the country's NDC and national communications and to contribute to the compliment of the project **outcomes** and main **goal**. The way in which the project will attain the above is explained as follow:

The first three outputs: **1)** Institutional, technical, and operational conditions for the establishment and future implementation of a L&D national framework at the national level are identified (**output 2.2.1**), **2)** The national planning and management framework for the identification, quantification, analysis and report of information and data on losses and damages at the national level is strengthened through the development of assessments, protocol and methodologies that enable the government to inform the L&D mechanism at the country level (**output 2.2.2**), and **3)** A national plan to address losses and damages is elaborated to support the future implementation of the L&D mechanism in the country and to support the government of Ecuador to inform the COP negotiations through a bottom-up approach (**output 2.2.3**), are aimed at developing or enhancing strategic frameworks to address policy gaps, improve sectoral expertise, and enhance enabling environments for GCF programming in low emission investment (**Outcome 2.2**). However, to achieve outcome 2.2, outputs 2.2.1, 2.2.2 and 2.2.3, will seek to overcome **barriers** associated to: **i)** the lack of governance mechanisms put in place specifically targeted at supporting the establishment and subsequent implementation of the L&D mechanism in the country, **ii)** the limited financial capacity to address economic needs and gaps derived from L&D caused by the negative effects of climate change in the country, **iii)** the limited capacity to collect, register, quantify and report information regarding Loss and Damage (L&D) at the national and subnational level, and **iv)** the limited institutional and technical capacity to mainstream L&D across climate change planning frameworks at the national, subnational, and sectoral level.

These barriers will be mainly overcome through: firstly, a) the development of a Loss and damage baseline review using the existing climate risk and vulnerability information (**A. 2.2.1.1**), b) the elaboration of a L&D mechanism definition and justification report (**A. 2.2.1.2**), c) the analysis of the current national legislation relevant for the L&D mechanism (**A. 2.2.1.3**), d) the identification of the main technical and operational barriers, gaps, priorities, and opportunities to establish and implement the L&D mechanism at the national, subnational, and sectoral level (**A. 2.2.1.4**), e) the development of a stakeholder mapping relevant for the establishment and subsequent implementation of the L&D mechanism at the country level (**A. 2.2.1.5**), f) the definition and establishment of an intersectoral working group to spearhead the implementation framework of the L&D in the country (**A. 2.2.1.6**), g) the establishment of an interinstitutional mechanism to facilitate the flow of relevant information regarding losses and damages (**A. 2.2.1.7**) and h) the development of a private sector engagement plan to engage the private sector in the L&D planning and implementation framework (**A. 2.2.1.8**). Secondly, a) the gathering, compilation, and analysis of international experiences on the identification, register, classification, quantification and report of losses and damages (**A. 2.2.2.1**), b) the development of a national protocol to survey and register losses and damages (**A. 2.2.2.2**), d) the implementation of a consultation workshop to conduct a baseline of current loss and damage methodologies (**A. 2.2.2.3**), c) the elaboration of methodologies to quantify, estimate and evaluate economic and non-economic losses and damages— including potential losses and damages under different climate scenarios- specifically related to extreme weather events and slow onset events (**A.2.2.2.4**), d) the implementation of a validation workshop to define nationally agreed quantification loss and damage methodologies (**A. 2.2.2.5**), d) the establishment of an online component with information and indicators on losses and damages within the existing RNCC platform (**A. 2.2.2.6**) and e) the elaboration of the first national evaluation of losses and damages of Ecuador (**A. 2.2.2.7**). Thirdly, a) the implementation of a participatory process to prioritize sectors to be included in the National Plan to address losses and damages and Ecuador and to collect technical inputs for its elaboration (**A. 2.2.3.1**), b) the elaboration of a first complete draft of the National Plan to address losses and damages (**A. 2.2.3.2**), and c) the implementation of a validation process to elaborate a final version of the National Plan to address losses and damages that can be officialized as a national planning instrument (**A. 2.2.3.3**). The relation between the different activities and deliverables of output 2.2.1, 2.2.2 and 2.2.3 is shown in the chain results outlined in yellow, orange, and green, respectively, in the theory of change diagram.

The fourth output: Knowledge and awareness raising regarding the L&D mechanism is increased through the implementation of a broad training programme and the deployment of nation-wide communication strategy (**output 5.2.1**) is aimed at establishing partnerships to foster development and dissemination of methods, frameworks, and information systems for enhanced climate finance programming at subnational, national, and regional levels (**outcome 5.2**) through developing and disseminating informational and awareness-raising materials and developing knowledge products, including in local languages, to disseminate effective approaches to capacity building while informing stakeholders on policies, processes, and plans relevant to climate finance programming in the country. However, to achieve outcome 5.2, output 5.2.1, will seek to overcome a **barrier** associated to: **1)** the limited knowledge base regarding the L&D mechanism across various levels that can contribute to its effective implementation in the short-to medium term. This barrier will be mainly overcome through a) the design and implementation of an in person & virtual training programme regarding the L&D mechanism (**A. 5.2.1.1**), b) the design and creation of a L&D training module within the Climate RNCC to ensure a continuous training of relevant stakeholders after project execution (**A. 5.2.1.2**), and c) the development of a national level communication strategy as well relevant communication products regarding the L&D implementation framework (**A.5.2.1.3**); as shown in the chain results outlined in red in the theory of change Diagram.

The confluence of the four outcomes describe above will ultimately lead to **project's main goal**, which is to create, and bolster enabling conditions in Ecuador to effectively conceptualize the L&D mechanism and set the institutional, technical, and operational capacities for its future implementation in the country. Therefore, If the L&D mechanism is conceptualized and the institutional, technical and operation capacities around L&D are established and strengthened, then Ecuador will be able to: i) benefit from the implementation of the L&D mechanism, ii) report climate related losses and damages at the national and international level, and iii) mainstream L&D as a separate action line- to adaptation and mitigation- in its climate change planning framework, because, Ecuador will have bolstered its capacity to promote the establishment and subsequent implementation of a nationally agreed framework for the L&D mechanism.

To further explain how the identified barriers will be addressed, the following table (**table 4**) has been included:

Table 4. Barriers

Barriers identified	Readiness activities	Deliverables
<p>There are no governance mechanisms put in place specifically targeted at supporting the establishment and subsequent implementation of the L&amp;D mechanism in the country.</p>	<p>2.2.1.1 2.2.1.2 2.2.1.3 2.2.1.4 2.2.1.5 2.2.1.6 2.2.1.7 2.2.1.8</p>	<p>The project will address this barrier by conducting a baseline review of the existing information regarding losses and damages in the country that can underpin a legal definition and a science-based justification for its application in the country. Additionally, the institutional, technical, and operational barriers and gaps for the establishment and subsequent implementation of the L&amp;D mechanism will be identified at different scales and recommendations to overcome them will be provided so that the L&amp;D national planning and implementation framework can be strengthened once established. Additionally, a proposal to establish an intersectoral working group and a L&amp;D information exchange interinstitutional mechanism will be delivered- together with drafts of a legal instruments that can be used by the MAATE to formally establish them- to set the bases for a governance mechanism that can spearhead the establishment and subsequent implementation of the L&amp;D mechanism in the country. Finally, a private sector engagement plan to engage the private sector in the L&amp;D planning and implementation framework will be developed to subsequently involve private sector stakeholders in the planning and the financing of the L&amp;D mechanism. Specifically, the project will contribute to the above through the following deliverables:</p> <ul style="list-style-type: none"> <li>• An assessment report of existing key information as well as information gaps regarding losses and damages. The report should provide potential recommendations to address the information gaps identified.</li> <li>• A technical assessment containing the definition of the L&amp;D mechanism that applies to the national circumstances of the country and a solid science-based justification that supports the establishment and implementation of the L&amp;D framework.</li> <li>• An assessment report outlining institutional recommendations to establish- and subsequent implement- a national L&amp;D framework at the country level.</li> <li>• An assessment report detailing the main technical and operational barriers, gaps priorities and opportunities to establish and implement the</li> </ul>

		<p>L&amp;D mechanism at various levels. For the barriers and gaps identified, the report should include a list of recommendations to address them.</p> <ul style="list-style-type: none"> <li>• A technical report containing the stakeholder map and the description of their potential roles and responsibilities.</li> <li>• A report containing an institutional, technical, and financial needs assessment to establish and operationalize a L&amp;D working group linked to the Interinstitutional Committee on Climate Change.</li> <li>• A proposal to establish the L&amp;D working group based on the needs assessments and considering the relevant national policy framework. The proposal shall also include a list of potential roles and responsibilities to become operational.</li> <li>• A draft of a legal instrument that can be used by the MAATE to formally establish the working group during or after project execution.</li> <li>• A proposal to establish the L&amp;D information exchange interinstitutional mechanism outlining a list of relevant institution from the national and subnational level and detailing their potential roles and responsibilities.</li> <li>• A draft of a legal instrument that can be used by the MAATE to formally establish the &amp;D information exchange interinstitutional mechanism during or after project execution.</li> <li>• A private sector engagement plan which clearly identifies entry points and opportunities to engage the private sector in the L&amp;D planning and implementation framework.</li> </ul>
<p>There is limited financial capacity to address economic needs and gaps derived from L&amp;D caused by the negative effects of climate change in the country.</p>	<p>2.2.1.1 2.2.1.2 2.2.1.3 2.2.1.4 2.2.1.5 2.2.1.6 2.2.1.7 2.2.1.8</p>	<p>The project will address this barrier by supporting the establishment of a governance mechanism that can support the future implementation of the L&amp;D mechanism in the country. Through the implementation of the L&amp;D mechanism, the government of Ecuador expects to increase the amount of climate financing from various sources-public and private- directed specifically to address losses and damages in the country. Specifically, the project will contribute to the above through the following deliverables:</p> <ul style="list-style-type: none"> <li>• An assessment report of existing key information as well as information gaps regarding losses and damages. The report should provide potential recommendations to address the information gaps identified.</li> <li>• A technical assessment containing the definition of the L&amp;D mechanism that applies to the national circumstances of the country and a solid science-based justification that supports the establishment and implementation of the L&amp;D framework.</li> <li>• An assessment report outlining institutional recommendations to establish- and subsequent implement- a national L&amp;D framework at the country level.</li> <li>• An assessment report detailing the main technical and operational barriers, gaps priorities</li> </ul>

		<p>and opportunities to establish and implement the L&amp;D mechanism at various levels. For the barriers and gaps identified, the report should include a list of recommendations to address them.</p> <ul style="list-style-type: none"> <li>• A technical report containing the stakeholder map and the description of their potential roles and responsibilities.</li> <li>• A report containing an institutional, technical, and financial needs assessment to establish and operationalize a L&amp;D working group linked to the Interinstitutional Committee on Climate Change.</li> <li>• A proposal to establish the L&amp;D working group based on the needs assessments and considering the relevant national policy framework. The proposal shall also include a list of potential roles and responsibilities to become operational.</li> <li>• A draft of a legal instrument that can be used by the MAATE to formally establish the working group during or after project execution.</li> <li>• A proposal to establish the L&amp;D information exchange interinstitutional mechanism outlining a list of relevant institution from the national and subnational level and detailing their potential roles and responsibilities.</li> <li>• A draft of a legal instrument that can be used by the MAATE to formally establish the &amp;D information exchange interinstitutional mechanism during or after project execution.</li> <li>• A private sector engagement plan which clearly identifies entry points and opportunities to engage the private sector in the L&amp;D planning and implementation framework.</li> </ul>
<p>There is a limited capacity to collect, register, quantify and report information regarding Loss and Damage (L&amp;D) at the national and subnational level.</p>	<p>2.2.2.1 2.2.2.2 2.2.2.3 2.2.2.4 2.2.2.5 2.2.2.6 2.2.2.7</p>	<p>The project will address this barrier by developing methodologies to quantify, estimate, register and report losses and damages in different sectors across the country. Additionally, the methodologies will be used to establish an online component in the Climate Change National Registry with accurate information on losses and damages so that the government can have a more solid understanding of its status and can inform the creation and/or implementation of national and sectoral policies. Additionally, the first national evaluation of losses and Damages for Ecuador will be elaborated to have a technical starting point for the establishment and subsequent implementation of the L&amp;D mechanism in the country. Specifically, the project will contribute to the above through the following deliverables:</p> <ul style="list-style-type: none"> <li>• An assessment report of the international experiences gathered on the L&amp;D mechanism together with institutional, technical, and operational recommendations to support its establishment and implementation at the country level.</li> <li>• A national protocol to survey and register L&amp;D specifically associated to extreme weather events and slow on-set events.</li> </ul>

		<ul style="list-style-type: none"> <li>• A workshop report summarizing the inputs collected from different stakeholders, including recommendations to align current methodologies to the data and information required to inform the national L&amp;D framework. The report should also include annexes that show the materials used and the list of participants disaggregated by gender.</li> <li>• A technical document including different methodologies to estimate economic and non-economic losses and damages derived from extreme weather events and slow on-set events, including different plausible methodologies to estimate potential economic and non-economic losses- under different climate scenarios- considering current adaptation limits and residual climate risks.</li> <li>• A technical document containing a set of nationally agreed country-responsive methodologies to inform the L&amp;D mechanism and other processes such as the National Adaptation plan process, and a workshop report that has annexes that show the materials used and the list of participants disaggregated by gender.</li> <li>• An online component within the RNCC platform with information and indicators on losses and damages.</li> <li>• A methodology to track down the evolution of the losses and damage status of the country to continuously update the component as required.</li> <li>• A technical report on the first national evaluation of Loss and Damage for Ecuador.</li> </ul>
There is limited institutional and technical capacity to mainstream L&D across climate change planning frameworks at the national, subnational, and sectoral level.	2.2.3.1 2.2.3.2 2.2.3.3	<p>The project will address this barrier by developing the first National Plan to address losses and damages in the country so it can be used as an official planning instrument. This will allow the government of Ecuador to mainstream losses and damages targeted actions across different sectors and levels (national, regional, and local) and to have a stronger leverage to foster international negotiations from a bottom-up approach. Specifically, the project will contribute to the above through the following deliverables:</p> <ul style="list-style-type: none"> <li>• A technical report of the workshops conducted, including an assessment of the sector prioritized and the technical inputs collected.</li> <li>• A national Plan to address losses and damages in Ecuador.</li> <li>• A technical report of the validation processes conducted to revise the first draft of the National Plan to address losses and damages.</li> <li>• A definitive version of the National Plan to address losses and damages that can be officialized by the MAATE as a national planning instrument.</li> </ul>
There is a limited knowledge base regarding the L&D mechanism across various levels that can contribute to its effective	5.2.1.1 5.2.1.2 5.2.1.3	<p>The project will address this barrier by developing technical trainings across the four regions of the country to create capacities for the subsequent implementation of the L&amp;D framework as well as by</p>

<p>implementation in the short-to medium term.</p>		<p>creating and deploying awareness raising communication products that integrate the knowledge gathered through the execution of the project. This will enable the country to bolster its technical knowledge to perform an effective quantification, estimation and report of losses and damages derived from extreme weather events and slow onset events and to increase its knowledge regarding the L&amp;D function and benefits. Specifically, the project will contribute to the above through the following deliverables:</p> <ul style="list-style-type: none"> <li>• A definitive version of the methodology used to conduct the training process.</li> <li>• Technical report of the four training workshops conducted (virtual and in-person) to build capacities on the L&amp;D mechanism at the national level.</li> <li>• Technical document that describes the training programme modules and the virtual/in person teaching methodology and corresponding materials.</li> <li>• An operational virtual training module within the Climate Change National Register (RNCC).</li> <li>• A technical manual to support the future update of the training module.</li> <li>• A comprehensive L&amp;D Communication Strategy that can be implemented at the national level.</li> <li>• A set of communication products including videos, posts, interactive tools, etc. that meet the requirements of the Communication Strategy.</li> </ul>
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## 5. BUDGET, PROCUREMENT, IMPLEMENTATION AND DISBURSEMENT PLAN

### 5.1 Budget plan

Please complete the Budget Plan in Excel using the template available in the [Library](#) page of the GCF website.

### 5.2 Procurement plan

Please complete the Procurement Plan in Excel using the template available in the [Library](#) page of the GCF website. For goods, services, and consultancies to be procured, please list the items, descriptions in relation to the activities in section 2, estimated cost, procurement method, relevant threshold, and the estimated dates. Please include the procurement plan for at least the first tranche of disbursement requested below and provide a full procurement plan for the entire duration of the implementation period if available at this stage.

### 5.3 Implementation Plan

Please complete the Implementation Plan in Excel using the template available in the [Library](#) page of the GCF website.

### 5.4 Disbursement schedule

Please specify the proposed schedule for requesting disbursements from the GCF. For periodicity, specify whether it's quarterly, bi-annually, or annually only.

**Readiness Proposal that falls within a Framework Agreement with the GCF**

Disbursements will be made in accordance with clause 4 “*Disbursement of Grants*” and clause 5 “*Use of Grant Proceeds by the Delivery Partner*” of the Amended Framework Readiness and Preparatory Support Grant Agreement entered into between GCF and the Corporation Corporación Andina de Fomento (CAF) dated 20 September 2017, as amended by the side letter dated 16 March 2022 to reflect the updated policy framework of the GCF and Side Letter No. 2 dated 11 January 2023 to reflect new reporting requirements for each approved readiness and preparatory support proposal (the “**Framework Agreement**”).



## 6. IMPLEMENTATION ARRANGEMENTS AND OTHER INFORMATION

### 6.1 Implementation arrangements

Please describe how implementation arrangements will be made and how funds will be managed by the NDA and/or the Delivery Partner.

**Latin-American Development Bank (CAF).** As the delivery partner for this Readiness and Preparatory support grant, CAF will be responsible for overall coordination, oversight of the implementation of activities and evaluation of the readiness and preparatory support activities, which will be done in coordination with the Project Steering Committee (PSC) and the national Project Manager (PM).

Additionally, CAF will be responsible for the: i) implementation of the activities under this readiness and preparatory support proposal, ii) fiduciary and financial management of the funds provided by the GCF, iii) the procurement of any goods and services under the proposal following CAF's Manual on Good and Services Procurement, as reviewed by the GCF during CAF's Accreditation process, and iv) report on the implementation progress in accordance with the of the Framework Readiness and Preparatory Support Grant Agreement entered into between GCF and the Corporation Corporación Andina de Fomento (CAF) dated 20 September 2017, as amended by the side letter dated 16 March 2022 to reflect the updated policy framework of the GCF and Side Letter No. 2 dated 11 January 2023 to reflect new reporting requirements for each approved readiness and preparatory support proposal (the "**Framework Agreement**"). CAF will ensure the transparent execution of resources, assuring that it be in accord with the budget previously presented to the GCF and that the contracting, purchases, and disbursements in general be carried out under its manuals, procedures, and regulatory guidelines.

Furthermore, CAF, with the support of MAATE, will follow up the development of the approved project deliverables through the monitoring of the technical products developed by the PM and the consultancies firms that will support the delivery of project activities, guaranteeing that they be in agreement with the clauses established in the contracts (professional services contracts, service orders or other), ensuring quality control, and providing technical inputs in the whole process of the project implementation. Regular consultations will be held between CAF, the MAATE and other relevant stakeholders to ensure that project activities adhere to the results framework in the project document. CAF will submit Annual Progress report (APRs) to the GCF in accordance with the terms of the Framework Readiness and Preparatory Support Grant Agreement entered into between GCF and the Corporation Corporación Andina de Fomento (CAF) dated 20 September 2017, as amended by the side letter dated 16 March 2022 to reflect the updated policy framework of the GCF and Side Letter No. 2 dated 11 January 2023 to reflect new reporting requirements for each approved readiness and preparatory support proposal (the "**Framework Agreement**"). To avoid any possible conflicts of interest deriving from the delivery partner's role as an accredited entity, the prioritization of investments and projects in the context of this readiness grant, will be made through a broad consultation process with relevant stakeholders. The final validation of these priorities will be carried out through the countries' own relevant coordination mechanism and institutional arrangements, with the participation of other government agencies, as well as representatives from civil society and private sector as the NDA deems relevant, to ensure chosen priorities are fully aligned with national plans and strategies and adequately includes inputs from consulted stakeholders.

A CAF Executive from the Climate Change Coordination, in close coordination with CAF's GCF Focal Point, will be responsible for project oversight and supervision, and to ensure consistency with GCF and CAF policies and procedures. The functions of the Executive will include, but will not be limited to, the following:

- I. Co-chairing PSC meetings.
- II. Undertaking the technical review of project deliverables.
- III. Preparing requests for disbursements and any other requests related to the implementation of the project.
- IV. Clearing the APRs and Project Completion Report and delivering them to the GCF.

Finally, this proposal will be managed at portfolio level by CAF, in accordance with the Framework Agreement signed between CAF and the GCF. The disbursements of the grant resources from GCF to the CAF shall thus follow the disbursement schedule described in the Framework Agreement.

**Ministry of the Environment, Water and Ecological Transition (MAATE).** The MAATE as NDA will provide support to the development of all national-level activities; nonetheless, it is paramount to mention that the MAATE will not receive any funds or directly implement any of the activities included in this Readiness support.

The MAATE, will ensure appropriate participation of national actors and stakeholders, effective use of resources and ensure country ownership over the different outputs to be delivered under this grant. Additionally, given the experience of the MAATE in the strengthening of the climate change framework of the country, the MAATE will be expected to provide technical inputs to develop the deliverables included in this Readiness support in a timely manner and will be part of the approval process for the deliverables. The Ministry will participate in the monitoring process, helping CAF assess progress using indicators and updating the log-frame on a quarterly basis.

The functions of the MAATE will include, but will not be limited to the following:

- I. Cochair PSC meetings.
- II. Support CAF in the revision of the Terms of Reference, selection, and evaluation process of individual consultants and/or professional services to be procured during project implementation.
- III. Provide technical inputs to the consultancy firms and/or individual consultants hired to ensure that deliverables respond to country's needs.
- IV. Undertake the technical review of project deliverables.
- V. Provide inputs to APRs and Project Completion Report.

#### **Project Steering Committee (PSC)**

To avoid duplication of efforts at the country level, increase the effectiveness of the project, maintain complementarity with the project baseline and ensure coherence with national priorities, a PSC will be established. The PSC will be co-chaired by a representative of CAF as well as representatives of the Ministry of the Environment, Water and Ecological Transition as NDA before the GCF. Other institutions relevant for the implementation of this Readiness support grant may be invited to participate in the PSC if deemed necessary. The PSC will primarily serve to provide project oversight and advisory support, including: i) overseeing project implementation; and ii) reviewing annual work plans. The PSC every six months — with ad hoc meetings held as and when necessary — to discuss the project's main performance indicators and provide strategic guidance.

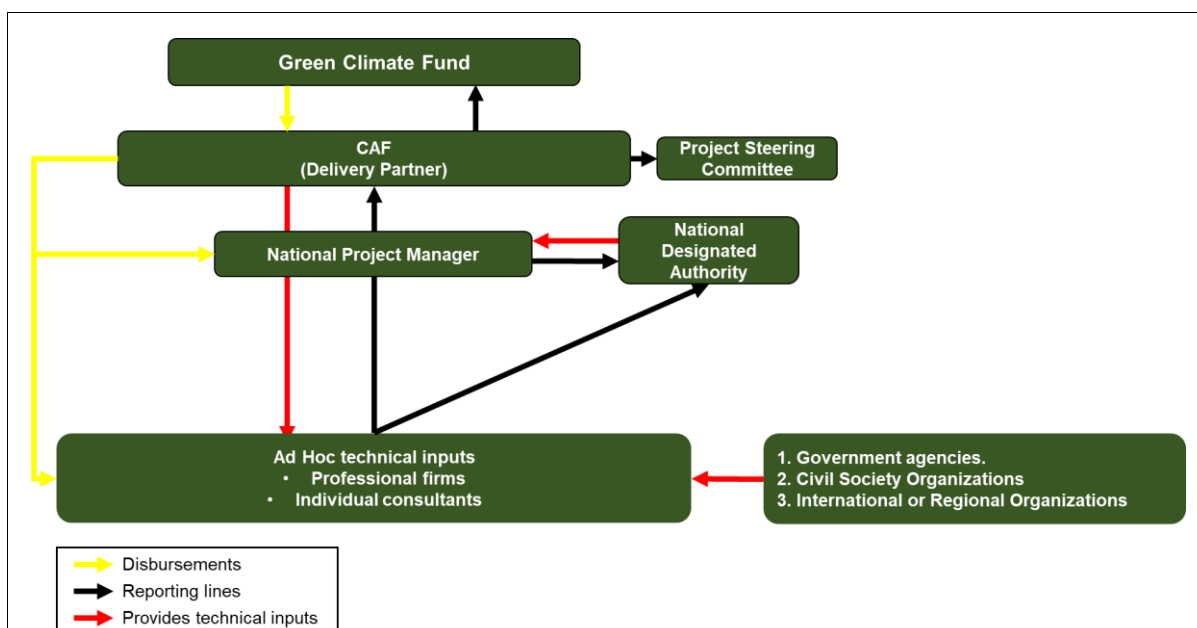
#### **Project Management Team (PMT)**

To enhance country ownership, a national Project Manager (PM) will be recruited by CAF in close coordination with the NDA. The PM will report directly to CAF and the designated focal point of the MAATE. The cost of the PM will be partially covered by Project Management Costs (PMC), as envisaged in the project budget. The PM will spend about 60% of their time on technical issues related to conducting activities and about 40% of their time on national level project management work. The PM will coordinate national level activities between CAF, MAATE and the technical teams hired to support the execution of the technical activities (professional firms and individual consultant) to support the implementation of the project's activities and reports and to oversight an adaptive management of the project's targets, activities, and timelines.

The PM will in particular be tasked with:

- I. Preparation and revision of the annual project work plans and budgets, including analysis and reporting.
- II. Tracking and monitoring of project costs and deliverables to plan.
- III. Maintenance of a knowledge and records management system.
- IV. Preparation of progress reports and financial management reports.

The implementation map in 1 describes the implementation arrangements for the project, including flow of funds, reporting lines and provision of technical inputs:



It is paramount to mention that no individual or entity that is listed on any UN Security Council sanctions list, including the UN Consolidated Sanctions list will be involved in any manner with the project or its activities, either as a counterparty, implementer, or beneficiary. To guarantee the above, CAF will perform a screening of the project manager and the three consultancy firms to be procured to ensure that these are not sanctioned in any way that may prejudice project implementation.

## 6.2 Implementation and execution roles and responsibilities

Please briefly describe how the activities will be implemented and outputs delivered by project staff and consultants.

This Readiness and Preparatory Support grant is planned to be executed through the following arrangements:

1. Firstly, a **project manager** will be hired to support the overall coordination of the project, including the coordination between the main stakeholders (CAF, NDA, Government Institutions, Consultants) to identify potential issues and ensure an adequate compliance of the implementation plan. The project manager will be responsible for the continuous engagement of relevant stakeholders. Additionally, the project manager will also be responsible for supporting CAF and MAATE in the drafting of the terms of reference for the procurement of the professional firms which will support the execution of the technical products. Finally, the project manager is expected to support the execution of all activities by delivering technical inputs and conducting detailed revisions to make sure the deliverables comply with the quality expected by both CAF and the NDA. It is important to mention that given that the project manager will not only support the overall coordination of the project but would also support the direct execution of all activities in the project, a portion of his salary will come from the project outputs and another portion will come from the project management cost.

Additionally, the project manager is expected to provide inputs for the elaboration of APRs and to report to CAF and MAATE on any potential issues related to the execution of the project.

Considering the above CAF will hire a project manager with the following qualifications and skills:

Academic:

- Master's degree in engineering, climate change, natural resource management, environmental sciences, or a closely related field.

Professional:

- At least five (5) years of experience in the analysis of climate policies, with an emphasis on adaptation, climate risks and/or climate impacts related fields. More than five (5) years of work experience is considered an asset.
- Demonstrated knowledge of climate change policies, planning and implementation at the national, sectoral, and subnational level.

- Demonstrated analytical capacity to contribute to technical products related to the development of a loss and damage national and sectoral framework. Analytical capacity to conduct and/or analyze climate risk assessments is considered an asset.
- Demonstrated experience in stakeholder engagement processes, facilitation and writing of technical reports.
- Previous experience working with disaster databases is highly preferable.

Language:

- Excellent written and oral communication skills in Spanish.
- Ability to write and revise technical products in English.

Skills:

- Ability to pick up new terminology and concepts easily and to turn information from various sources into coherent project documents.
- Ability to guide teams and work in multicultural environments.
- Ability to track down project progress and monitor and report results in a coherent and organized manner.

2. Secondly, a **consultancy firm** (1) with expertise in the institutional, technical, and financial aspects of the L&D agenda will be hired to support the execution of activities 2.2.1.1, 2.2.1.2, 2.2.1.3, 2.2.1.4, 2.2.1.5, 2.2.1.6, 2.2.1.7 and 2.2.1.8.

Considering the above CAF will hire a consultancy firm with the following characteristics, qualifications, and skills:

Technical background:

- At least five (5) years of experience in the identification of the main technical and operational barriers, gaps priorities and opportunities to establish and implement disaster management and/or risk management frameworks, and/or other planning frameworks relevant for the establishment of the L&D mechanism at various levels. More than five (5) years of experience in the previous fields and tasks is considered an asset.
- At least five (5) years of experience conducting research and/or analytical work on the impacts of climate change, extreme weather events and slow onset events. More than five (5) years of experience in the previous fields and tasks is considered an asset.
- At least five (5) years of experience conducting stakeholder engagement processes at national levels. Experience working with private sector and/or economic sectors is considered an asset.
- Demonstrated experience in the elaboration of technical products and in the formulation of strategies, on climate adaptation, or disaster risk reduction, and/or loss and damage are required.
- Relevant experience working and/or conducting analytical work in Ecuador and a sound understanding of its current vulnerabilities and risks is considered an asset.
- Relevant experience working with national government and economic sectors is highly preferable.

To achieve the above, the consultancy firm should group a team of experts with a background on conducting climate change related baseline reviews and policy, legal and regulatory framework analysis, specifically in Ecuador. Additionally, the experts should have a sound understanding of the policy framework of Ecuador related to climate change and the roles and responsibilities of the main institutions that accountable for environmental and/or climate change planning. Finally, the experts should have experience conducting stakeholder engagement processes and preparing engagement plans with non-government sectors. All consultants should have at least five (5) years of experience each and preferably a master's degree in the above and/or related fields. Additionally, all consultants will preferably have experience working in Ecuador. These profiles will enable the project to conduct comprehensive assessment of the institutional, technical, and financial aspects required to develop a loss and damage institutional framework in Ecuador.

3. Thirdly, a **consultancy firm** (2) with a strong expertise in climate and disaster risk assessments.

Considering the above CAF will hire a consultancy firm, to support the execution of activities 2.2.2.1, 2.2.2.2, 2.2.2.3, 2.2.2.4, 2.2.2.5, 2.2.2.6, 2.2.2.7, 2.2.3.1, 2.2.3.2 and 2.2.3.3, with the following characteristics, qualifications, and skills:

Technical background:

- At least five (5) years of experience in assessing climate risk and /or disaster risks and in evaluating technical and operational barriers, gaps priorities and opportunities to assess climate risks at national and sub national levels. More than five (5) years of experience in the previous fields and tasks is considered an asset.

- At least five (5) years of experience conducting research and/or analytical work on the impacts of climate change, extreme weather events and slow onset events. More than five (5) years of experience in the previous fields and tasks is considered an asset.
- Demonstrated experience in the elaboration of protocols to gather, systematize and assess climate risk information, the use of different plausible methodologies to estimate economic and non-economic losses and damages derived from extreme weather events and slow on-set events; and in the formulation and/or implementation of actions oriented to strengthen national information platforms.
- Relevant experience working and/or conducting analytical work in Ecuador and a sound understanding of its current vulnerabilities and risks is considered an asset.
- Relevant experience working with national government and economic sectors is highly preferable.

To achieve the above, the consultancy firm should group a team of experts with a background on climate risks and impacts, adaptation and disaster risk reduction planning, and risk assessments. All consultants should have at least five (5) years of experience each and preferably a master's degree in the above and/or related fields. Additionally, all consultants will preferably have experience working in Ecuador.

4. Fourthly, a **consultancy firm** (3) with a strong expertise in delivery online training, and communications

Considering the above CAF will hire a consultancy firm to support the execution of activities 5.2.1.1, 5.2.1.2, 5.2.1.3, 5.2.1.4 and 5.2.1.5 with the following characteristics, qualifications, and skills:

Technical background:

- At least five (5) years of experience in the development of in person/virtual training programmes at national, subnational, and sectoral level More than five (5) years of experience in the previous fields and tasks is considered an asset.
- At least five (5) years of experience in the development of communication products tailored for different audiences, including the development of audiovisual materials, written documents, and diagrammed reports. More than five (5) years of experience in the previous fields and tasks is considered an asset.
- At least five (5) years of experience in the design of communication strategies, the identification of key stakeholders and the dissemination process of communications products. More than five (5) years of experience in the previous fields and tasks is considered an asset.
- At least five (5) years of experience in the development of publications, policy briefs and/or technical reports. More than five (5) years of experience in the previous fields and tasks is considered an asset.

To achieve this, the consultancy firm should group a team of consultants with a strong expertise in undertaking of in person/virtual training programmes, graphic design, programming, and content creation. This will enable the project to produce both capacity building and communication products that are visually appealing and increase the quality of the strategy and the best practices case-study report by adding graphic design. All consultants should have at least five (5) years of experience each and preferably a master's degree in the above and/or related fields. Additionally, all consultants will preferably have experience working in Ecuador.

### 6.3 Risks and mitigation measures

Please include a set of identified risks and mitigation actions for each. Please utilize the risk table below that identifies the probability of a given risk occurring and the entity that will manage the risk. Please refer to Part III Section 6.3 of the Readiness Guidebook for further information on how to complete this section.

Risk category	Specific risk(s) / Risk(s) description	Probability of occurrence (low, medium, high)	Impact level (low, medium, high)	Mitigation action(s)	Entity(ies) responsible to manage the risk(s)
Political	Change of authorities and technical team during the implementation of project. This could lead to different priorities and interests in terms of climate and environmental policies.	Medium	Medium	Annual operating plans will be necessary for project implementation. Hold bilateral meetings periodically with local, sectorial, and technical actors and authorities. Form technical teams of work to coordinate	MAATE

Risk category	Specific risk(s) / Risk(s) description	Probability of occurrence (low, medium, high)	Impact level (low, medium, high)	Mitigation action(s)	Entity(ies) responsible to manage the risk(s)
				actions interinstitutional at the level national, local, and sectoral.	
Stakeholders' involvement	Lack of coordination among stakeholders involved in the gathering and processing of data.	Medium	Medium	Though the MAATE subnational offices and the PMU, a continuous coordination and involvement of stakeholders at subnational level will be promoted	MAATE/CAF
Economic	Reduction of the national budget, cause reduction of personnel and reduction of institutions	Medium	Medium	Identify and prioritize institutions and technical staff that are beneficiaries of the grant.	MAATE/CAF
Information availability	Lack of manage and access to institutional information	Medium	Low	Partnerships established to foster development and dissemination of methods, frameworks, and information related to L&D at local, national, and sectorial levels.  Protocols for generation and exchange of institutional information,	MAATE/CAF
Lack of coordination	Activities are not complementary to other readiness activities	Low	Low	The Project Coordinator will hold regular meetings with the NDA, to identify complementary activities with other Readiness and projects under implementation, to avoid duplication and overlap.  In addition, the Project Coordinator will attend the evaluation meetings convened by the NDA each month to update the progress of this Readiness and will alert if there is any duplication of activities with other national and subnational projects.	MAATE/PMU
Operational	Large number of consultants delay procurement of consultants and/or	Low	Medium	Annual planning and procurement plan will detail dates and timeline for	MAATE/CAF

Risk category	Specific risk(s) / Risk(s) description	Probability of occurrence (low, medium, high)	Impact level (low, medium, high)	Mitigation action(s)	Entity(ies) responsible to manage the risk(s)
	timely delivery of deliverables			procurement and the Project Coordinator will keep a close follow up of deliverables advance and meeting with consultants for periodic progress update.	
External disruption	The project suffers from a natural or external disaster that hinders its operation	Low	Low	A contingency plan will be developed, envisaging possible disruptions and the effect of external disruptions on multi-stakeholder engagement and project implementation	CAF
Compliance	Anti-money Laundering and Counter-Financing Terrorism, harassment and other misconduct and prohibited practices	Low	High	<p>The Project will be implemented in accordance with CAF regulations, rules and policies regarding Anti-Fraud and Anti-Corruption. Additionally, the financial management and procurement will be guided by CAF's own Financial Regulations, Rules, and practices which ensure transparent practices in all its operations.</p> <p>The risk of GCF proceeds being utilized for prohibited practices, money laundering or terrorist financing is medium, and will be mitigated through appropriate legal instruments to ensure compliance with the Green Climate Fund Policy on Prohibited Practices.</p> <p>All contracts signed in the framework of this project shall include a contractual obligation to ensure that individual consultants and/or professional firms comply with the Anti-Fraud and</p>	CAF

Risk category	Specific risk(s) / Risk(s) description	Probability of occurrence (low, medium, high)	Impact level (low, medium, high)	Mitigation action(s)	Entity(ies) responsible to manage the risk(s)
				Corruption Framework of the UN and GCF Prohibited Practices.	
Compliance risk	The project not being executed according to the logical framework.	Low	High	The consultancy firms will support the development of several technical documents with clear roles and responsibilities of Government institutions for the project. The project structure will include the participation of NDA to ensure compliance with the logical framework. CAF, as delivery partner, will provide the technical supervision, so the deliverables have the high quality expected.	CAF, PMU
COVID 19	Project consultants, coordinator or counterparts become infected with COVID19	Medium	Medium	Coordination and articulation of actions based on what was issued by the Emergency operations committee.  Follow the security protocols implemented by the National Government.  Give priority to digital platforms and online workshops.	MAATE/CAF
Sustainability of trainings	The contents of the trainings are not adopted by the beneficiaries of said activities and/or are not part of actions beyond the time of implementation of the project.	Low	Medium	Establish permanent coordination and communication mechanisms with the beneficiary communities and institutions, complemented by a proposal for mainstreaming in local and sectoral policies. Additionally, the MOOC implemented in activity 5.2.1.2 is a strategy to maintain a continuous training on L&D that could be implemented by the MAATE, considering that the modules will be hosted in the RNCC.	MAATE/CAF



## 6.4 Monitoring

CAF as the Delivery Partner will agree with the NDA on a plan to monitor the implementation of the activities using the grant proceeds. Successes, challenges, and lessons learned will be documented and disseminated through the grant execution and after completion. During the implementation, for all meetings, forums and workshops implemented, minutes and reports will be developed summarizing main messages, lessons learned, challenges and opportunities. These minutes and reports will be an important input for the development of the progress reports in which lessons learned and best practices will be documented. Since the NDA will revise the progress reports, this will have the opportunity to add, adjust and verify its contents.

The progress reports will be presented by CAF in the PSC meetings- to be held every six months- to present successes, challenges and lessons learned so that these can be discussed and informed to all members. This will allow to identify potential issues related to project implementation and conduct corresponding adjustments to mitigate risks. Additionally, workshops reports will be shared with the NDA - to disseminate the lessons learned as well to highlight the most important aspects of the presentations given and the discussions held. Finally, since government representatives will participate in many activities of this grant and will benefit from training, the objective is to strengthen institutional and technical capacities that will remain after completion. In this sense, all these strengthened actors will be expected to continue to disseminate and share experiences in their day-to-day work. In terms of learning, the objective of this Readiness support is to provide the NDA and other relevant stakeholders with knowledge and tools to promote the establishment and implementation of the L&D mechanism. Therefore, all training and capacity building processes are aimed at strengthening learning and best practices that can be incorporated into national processes such as the updated of planning instruments including the Nationally Determined Contributions and the National Adaptation Plan.

The PSC will play a key role in the monitoring of progress providing oversight and advisory support, including a) overseeing project implementation, and b) reviewing the budget and work plan periodically. The PSC will meet every 6 months with ad hoc meetings held as and when necessary, to deal with emerging issues – to discuss the project's main performance indicators and provide strategic guidance.

CAF will submit semi-annual progress reports to the GCF (Annual Progress Reports), in accordance with the terms of the Framework Agreement between GCF and CAF. CAF will be responsible for and submit to GCF both the Grant Completion Report as well as the Audited Financial Report.

## 6.5 Other Relevant Information

All reports, products, processes, documents, and other materials generated in the implementation of this project using GCF funding will be shared with the NDA, to be freely available for all stakeholders, and the means to update and manage these products beyond the project's life. Additionally, no individual or entity that is listed on any UN Security Council sanctions list, including the UN Consolidated Sanctions list will be involved in any manner with the project or its activities, either as a counterparty, implementer, or beneficiary. To guarantee the above, CAF will perform a screening of any potential partners to ensure that these are not sanctioned in any way that may prejudice project implementation.

### Delivery Partner Selection and justification

Regarding the implementation, CAF-Latin American Development Bank- has been selected as the **delivery partner** for this Readiness and support grant based on its broad experience and knowledge in the: i) mainstreaming of climate change considerations into national, subnational, and sectoral policies and ii) in the implementation of adaptation related projects in Latin America.

**Mainstreaming of climate change considerations into national, subnational, and sectoral policies:** One of CAF's mandate in terms of climate change planning is to promote the integration of climate change considerations into policy-making processes to accelerate changes that support the implementation of the Paris Agreement. Given that this Readiness support has the objective to create, and bolster enabling conditions in Ecuador to effectively conceptualize the L&D mechanism and set the institutional, technical, and operational capacities for its future implementation in the country; having experience in the generation of deliverables that can inform the construction of policies or the update of climate change planning instruments is highly relevant. In 2021, CAF completed the implementation of a GCF-Readiness funded project in Chile "Support for strengthening public private planning processes at the subnational level for the development of local country programs", which included: i) the development of four Climate Change Vulnerability assessments and Regional

Climate Action Plans for the Atacama, O'Higgins, Los Rios and los Lagos Regions and ii) a methodology to replicate the development of Regional Action Plans on climate change in other regions of the country. It is important to note that this methodology is expected to be used by the government of Chile to replicate the results achieved in the framework of this Readiness and Support grant project. Additionally, the Climate Change Vulnerability assessments and Regional Climate Action Plans were delivered to the Government of Chile, represented by the Ministry of Finance and the Ministry of Environment, and Institutionalized as official planning instruments before the Regional Committees on Climate Change (CORECC) to mainstream climate change planning in other policy and planning instruments.

**Implementation of adaptation related projects in Latin America:** Despite that the scope of this Readiness support is to build institutional, technical and operational capacities to implement the UNFCCC L&D mechanism at the national level, the project has an important output related to the compilation, classification and use of climate related data to inform the National Risk and Emergency Management System (SNGRE) and other risk management databases, and thus, have more solid understanding regarding the economic and non-economic implications of the negative impacts of climate change. Therefore, having experience in the production of climate data to produce vulnerability studies, identify adaptation measures and/or inform adaptation policies is relevant for the execution of this Readiness.

Based on the above, CAF has a broad experience in the formulation and implementation of adaptation related projects. These projects, which have been mostly funded by the Global Environment Facility (GEF) and the Adaptation Fund (AF), have focused in areas such as: watershed management, sustainable livestock, land-use transformation, climate-smart agriculture, and coastal management, amongst others to increase the resilience the socio-ecological systems in highly vulnerable regions. One of the most relevant experiences is the project "Increasing adaptive capacity of local communities, ecosystems and hydroelectric systems in the Rio Blanco upper watershed (Toachi-Pilatón watershed) with a focus on ecosystem and ecosystem based adaptation" which is aimed at reducing the impact of climate change on the hydrological cycle under integrated watershed management and to promote sustainable agricultural practices adapted to the new conditions of climate change and efficient technology in production processes supported by credit. This project which is currently being implemented in Ecuador and funded by the AF (2.4M) seeks to generate climate information data to promote active sustainable forest management and conservation technologies and farming practices to new climate change conditions. Additionally, the project is aimed at fostering an enabling environment to promote local financing and market-based conditions that allow the deployment of smart-agricultural practices which is relevant to identify new financial mechanisms that enable the leveraging of additional climate financing to address potential losses and damages. Finally, the project seeks to strengthen local capacity and share lessons to ensure the sustainability of its results and promote a large-scale transformation in the watershed. A summarized list of projects whose scope is relevant for this project are listed below:

#### **GEF-funded projects:**

Project title: Andes Adaptation to the Impact of Climate Change on Water Resources Project (AICCA)

- <https://www.thegef.org/project/andes-adaptation-impact-climate-change-water-resources-project-aicca>

Project title: Ecosystem based biodiversity friendly cattle production framework Darien region Panama.

- <https://www.thegef.org/project/ecosystem-based-biodiversity-friendly-cattle-production-framework-darien-region-panama>
- Project title: Amazon sustainable landscape approach in the Plurinational System of Protected Areas and Strategic Ecosystems of Bolivia <https://www.thegef.org/project/amazon-sustainable-landscape-approach-plurinational-system-protected-areas-and-strategic>

Project title: Development of an enabling environment for sustainable businesses based on the native biodiversity of Ecuador.

- <https://www.thegef.org/project/development-enabling-environment-sustainable-businesses-based-native-biodiversity-ecuador>

Project title: Effective Conservation of Protected Areas of Galapagos, through Strengthening of Control and Surveillance of the Galapagos Marine Reserve and the Eradication of Invasive Predators from Floreana Island

- <https://www.thegef.org/project/effective-conservation-protected-areas-galapagos-through-strengthening-control-and>

Project title: Safeguarding the biodiversity of ISLA DEL COCO National Park by enhancing biosecurity.

- <https://www.thegef.org/project/safeguarding-biodiversity-isla-del-coco-national-park-enhancing-biosecurity>

Project title: Preparing the Ground for the Implementation of the La Plata Basin Strategic Action Program

- <https://www.thegef.org/project/preparing-ground-implementation-la-plata-basin-strategic-action-program>

AF-Funded projects:

- AYNINACUY: Strengthening the livelihoods of vulnerable highland communities in the provinces of Arequipa, Caylloma, Condesuyos, Castilla and La Union in the Region of Arequipa, Peru – Adaptation Fund (adaptation-fund.org)
- Increasing adaptive capacity of local communities, ecosystems, and hydroelectric systems in the Río Blanco upper watershed (Toachi-Pilatón watershed) with a focus on Ecosystem and Community Based Adaptation and Integrated Adaptive Watershed Management – Adaptation Fund (adaptation-fund.org)
- Climate Change adaptation in vulnerable coastal cities and ecosystems of the Uruguay River (Argentina, Uruguay) – Adaptation Fund (adaptation-fund.org)

#### **Sustainability / Exit Plan:**

This Readiness support is aimed at creating the enabling conditions for the establishment and subsequent implementation of the L&D mechanism in Ecuador. To achieve this, this project will support the government of Ecuador to identify the main institutional and technical needs to create and implement a legal and regulatory framework that enable the L&D to become operational at the national and subnational level. This includes drafting a proposal to establish a L&D working group linked to the Interinstitutional Committee on Climate Change and drafting a legal instrument that can be used by the MAATE to formally establish the working group during or after project execution. This working group will play a key role in i) the construction of the L&D framework- which can be understood as a National regulatory instrument that allows inter-institutional articulation to avoid, minimize and address losses and damages in the country- and ii) its continuation after grant completion. Additionally, the project will support the establishment of an information exchange interinstitutional mechanism, through the drafting of a legal instrument that can be used by the MAATE to formally establish the mechanism during or after project execution, that can be used by L&D working group to continually inform the creation, modification and/or updated of relevant policies- after grant completion- and to mainstream losses and damages considerations across national, subnational and sectoral policy and regulatory frameworks. Furthermore, the project is aimed at creating long-term technical and institutional capacities that enable the country to quantify, register, assess and report science-based information and data related to damages and losses and thus strengthen the existing climate change planning framework in the country. To achieve this, this Readiness support includes the: i) deployment of capacity building processes- to be conducted in person and virtually- to reach a high number of beneficiaries and strengthen national capacities at various levels and, ii) the establishment of a virtual training module in the RNCC to conduct future iterations and promote a continuous training process. The RNCC will be led by the MAATE with the support of other national institutions. Additionally, in the framework of this Readiness support, a set of nationally agreed methodologies to estimate economic and non-economic losses and damages will be developed to increase national capacities to quantify and report losses and damages in a more accurate manner, which will be broadly disseminated through capacity building processes. Finally, this Readiness support will support the launching of a communication and awareness raising strategy to disseminate knowledge regarding losses and damages in the country so that knowledge generated through the project can be mainstreamed across various levels (national, subnational, and local) and sectors.

#### **Gender mainstreaming:**

CAF and the NDA are aware of the importance of mainstreaming gender considerations across their different projects; therefore, this Readiness support will ensure the following principles dictated by the MAATE:

- Promote parity participation in equal conditions.
- Generate inclusive spaces that encourage the participation of all.
- Produce communicational pieces with non-sexist language and that avoid the reproduction of gender stereotypes.
- Promote the involvement and participation of youth.

To achieve the above, CAF and the NDA- with the support from the project manager- will seek that access to all participatory processes be equal and that consultation, validation and training workshops are attended by a similar proportion of men and women and by members of underrepresented communities which more often are the most affected by extreme and slow-onset weather events. Additionally, CAF and the NDA, will ensure that all communication products derived from the communication strategy have an inclusive language and not discriminatory. Additionally, for the development of the national protocol to conduct surveys of losses and damages, gender-based indicators will be included to assess the differential impacts between men and women resulting from the negative effects of climate change. Finally, all consulting firms should have at least one gender specialist to ensure all technical deliverables (if applicable) are developed with a gender perspective.

#### **Whistleblower-programme:**

CAF has a Mechanism for the Prevention of Prohibited Practices which will be shared at the start of the project with the project manager and the three professional firms for dissemination during consultation and stakeholder engagement processes (Prevención de Prácticas Prohibidas | CAF). This mechanism can be used to report complaints and allegations of impropriety, wrong-doing or other related issues in the project and its activities and will serve as a channel for CAF to monitor any issues with the project implementation. Additionally, the

project manager will set-up a direct email through which any complaints and/or allegations can be reported. This email address will be included in all presentations so that project stakeholders are aware of their existence.

<b>Budget Categories</b>
Consultant Local (Project manager)
Professional Services – Companies/Firm (Firm 1)
Professional Services – Companies/Firm (Firm 2)
Professional Services – Companies/Firm (Firm 3)
Audio Visual & Printing
Audit Fee
IT Equipment
Office Supplies
Travel - International
Travel – Local
Workshop/Training

<b>Choose percentage</b>
0
1%
2%
3%
4%
5%

*Indicate additional budget categories*

5.1 Budget Plan

Outcomes / Outputs	Detailed Budget (in US\$)						Total Budget (per outcome)	Expenditure Plan				
	Budget Categories <small>choose from the drop-down list</small>	Unit	# of Unit	Unit Cost	Total Budget (per budget category)	Total Budget (per sub-outcome)		6m	12m	18m	24m	
<p><b>Outcome 2.2:</b> GCF recipient countries have developed or enhanced strategic frameworks to address policy gaps, improve sectoral expertise, and enhance enabling environments for GCF programming in low emission investment.</p> <p>Output 2.2.1: Institutional, technical, and operational conditions for the establishment and future implementation of a L&amp;D national framework at the national level are established, through the analysis of the current gaps, barriers, and opportunities to create a country-responsive L&amp;D mechanism, and the establishment of a Intersectoral working group and an information exchange interinstitutional mechanism that allows its future implementation.</p> <p>Output 2.2.2: The capacities of the national government to identify, quantify, analyze, and report information and data on climate related losses and damages at the national level is strengthened through the development of assessments, protocols and methodologies.</p> <p>Output 2.2.3: A national plan to address losses and damages is elaborated through the implementation of national level consultation process that involves multiples stakeholders from the public, civil, academic, and private sector.</p>	Consultant Local (Project manager)	W/Day	30	200,00	6.000,00	51.000,00	300.000,00	900,00	2.100,00	2.100,00	900,00	
	Professional Services – Companies/Firm (Firm 1)	One	One	Lumpsum	45.000,00				6.750,00	15.750,00	15.750,00	6.750,00
	Consultant Local (Project manager)	W/Day	30	200,00	6.000,00	106.000,00		900,00	2.100,00	2.100,00	900,00	
	Professional Services – Companies/Firm (Firm 2)	One	One	Lumpsum	90.000,00				13.500,00	31.500,00	31.500,00	13.500,00
	Workshop/Training	Workshop	2	5.000,00	10.000,00				1.500,00	3.500,00	3.500,00	1.500,00
	Consultant Local (Project manager)	W/Day	30	200,00	6.000,00	143.000,00		900,00	2.100,00	2.100,00	900,00	
	Professional Services – Companies/Firm (Firm 2)	One	One	Lumpsum	62.000,00				9.300,00	21.700,00	21.700,00	9.300,00
	Workshop/Training	Workshop	9	5.000,00	45.000,00				6.750,00	15.750,00	15.750,00	6.750,00
	Workshop/Training	Workshop	3	10.000,00	30.000,00				4.500,00	10.500,00	10.500,00	4.500,00
	<p><b>Outcome 5.2:</b> Partnerships established to foster development and dissemination of methods, frameworks, and information systems for enhanced climate finance programming at subnational, national, and regional levels</p> <p>Output 5.2.1: Knowledge and awareness raising regarding the L&amp;D mechanism is increased through the implementation of a broad training programme and the deployment of nation-wide communication strategy.</p>	Consultant Local (Project manager)	W/Day	30	200,00	6.000,00		128.500,00	128.500,00	900,00	2.100,00	2.100,00
Professional Services – Companies/Firm (Firm 3)		One	One	Lumpsum	97.500,00		14.625,00			34.125,00	34.125,00	14.625,00
Workshop/Training		Workshop	3	5.000,00	15.000,00		2.250,00			5.250,00	5.250,00	2.250,00
Workshop/Training		Workshop	1	10.000,00	10.000,00		1.500,00			3.500,00	3.500,00	1.500,00
<b>Total Outcome Budget</b>							<b>428.500,00</b>	<b>64.275,00</b>	<b>149.975,00</b>	<b>149.975,00</b>	<b>64.275,00</b>	
<p><b>Project Management Cost (PMC)</b> Up to 7.5% of Total Activity Budget</p>	Consultant Local (Project manager)	W/Day	100	200,00	20.000,00	Actual amount and % of PMC requested: do not change the formula <b>28.000,00</b> <b>6,53%</b>	Maximum PMC that can be requested: do not change the formula <b>32.137,50</b> <b>7,50%</b>	3.000,00	7.000,00	7.000,00	3.000,00	
	Audit Fee	Lumpsum	2	4.000,00	8.000,00			4.000			4.000	4.000

FOR GREEN CLIMATE FUND SECRETARIAT'S USE ONLY

Breakdown (per budget category)	Total (per budget category)
Consultant Local (Project manager)	44.000,00
Professional Services – Companies/Firm (Firm 1)	45.000,00
Professional Services – Companies/Firm (Firm 2)	152.000,00
Professional Services – Companies/Firm (Firm 3)	97.500,00
Workshop/Training	110.000,00
Audit Fee	8.000,00
<b>Total Outcome Budget + PMC</b>	<b>456.500,00</b>

FOR GREEN CLIMATE FUND SECRETARIAT'S USE ONLY

<b>Total Outcome Budget</b>		<b>428.500,00</b>
<b>Project Management Cost (PMC)</b>	6,5% requested	<b>28.000,00</b>
<b>Contingency</b>	1% requested	<b>4.285,00</b>
<b>Sub-Total</b> (Total Outcome Budget + Contingency + PMC)		<b>460.785,00</b>
<b>Delivery Partner Fee (DP)</b> - Up to 8.5% of the Sub-Total		<b>39.166,73</b>
<b>Total Project Budget</b> (Total Activity Budget + Contingency + PMC + DP)	\$	<b>499.952,00</b>

Budget Note	Detailed Description
A	One national consultant (Project manager) for 30 working days @ \$200 per day for activities 2.2.1.1, 2.2.1.2, 2.2.1.3, 2.2.1.4, 2.2.1.5, 2.2.1.6 and 2.2.1.7.
B	One consultancy firm (Firm 1) for 180 working days @ \$250 per day for activities 2.2.1.1 (30 days), 2.2.1.2 (25 days), 2.2.1.3 (30 days), 2.2.1.4 (30 days), 2.2.1.5 (25 days), 2.2.1.6 (20 days) and 2.2.1.7 (20 days).
C	One national consultant (Project manager) for 30 working days @ \$200 per day for activities 2.2.2.1, 2.2.2.2, 2.2.2.3, 2.2.2.4 and 2.2.2.5.
D	One consultancy firm (Firm 2) for 360 working days @ \$250 per day for activities 2.2.2.1 (30 days), 2.2.2.2 (70 days), 2.2.2.3 (4 days), 2.2.2.4 (142 days), 2.2.2.5 (4 days), 2.2.2.6 (70 days) and 2.2.2.7 (40 days).
E	Two workshops (one consultation workshop for activity 2.2.2.3 and one validation workshop for activity 2.2.2.5) for 50 participants each @ \$5,000USD each.
F	One national consultant (Project manager) for 30 working days @ \$200 per day for activities 2.2.3.1, 2.2.3.2 and 2.2.3.3.
G	One consultancy firm (Firm 2) for 248 working days @ \$250 per day for activities 2.2.3.1 (48 days), 2.2.3.2 (100 days) and 2.2.3.3 (100 days).
H	Nine consultation workshops-for-50 participant each @ \$5000USD each (three for each of the three inland regions of the country- Coastal, Sierra and Amazon region) for activity 2.2.3.1. The total cost of the workshops includes catering and travel expenses for both the organizers (consultancy firm 2 consultants) and participants.
I	Three consultation workshops for-50 participant each @ \$10000USD each (for the Insular region) for activity 2.2.3.1. The total cost of the workshops includes catering and travel expenses for both the organizers (consultancy firm 2 consultants) and participants. The workshops for the Insular region are more costly given the the higher costs in the islands as well as the transfer of 30 participants required from the different islands.
J	One national consultant (Project manager) for 30 working days @ \$200 per day for activities 5.2.1.2, 5.2.1.2 and 5.2.1.3.
K	One consultancy firm (Firm 3) for 390 working days @ \$250 per day for activities 5.2.1.1 (25 days), 5.2.1.2 (75 days), 5.2.1.3 (12 days), 5.2.1.4 (110 days) and 5.2.1.5 (168 days).
L	Three training workshops-for 50 participant each @ \$5000USD each (one for each of the three inland regions of the country- Coastal, Sierra and Amazon region) for activity 5.2.1.3. The total cost of the workshops includes catering and travel expenses for both the organizers (consultancy firm 3 consultants) and participants.
M	includes catering and travel expenses for both the organizers (consultancy firm 2 consultants) and participants. The workshops for the Insular region are more costly given the the higher costs in the islands as well as the transfer of participants required from the different islands.
N	One national consultant (Project manager) for 130 working days @ \$200 per day to support the execution of the project.

5.2 Procurement Plan

Item	Item Description	Estimated Cost (US\$)	Procurement Method	Thresholds (Min-Max monetary value for which indicated procurement method must be used)	Estimated Start Date	Projected Contracting Date
<b>Consultancy Services</b>						
Consultant Local (Project manager)	One project manager to support the execution of the project	44.000,00	Open tender	\$10,001 - \$50,000	Q2	Q1
Professional Services – Companies/Firm (Firm 1)	Professional Services - Companies firms 1	45.000,00	International Public Tender	\$50,001 – 150,000	Q2	Q1
Professional Services – Companies/Firm (Firm 2)*	Professional Services - Companies firms 2	237.000,00	International Public Tender	\$ 150,001 - 250,000	Q2	Q1
Professional Services – Companies/Firm (Firm 3)**	Professional Services - Companies firms 3	122.500,00	International Public Tender	\$50,001 – 150,000	Q2	Q1
Audit Fee	Audit	8.000,00	Request for Quotations	\$1,000 - \$10,000		
<b>Sub-Total (US\$)</b>		<b>\$ 456.500,00</b>				



