

UN Environment / UNDP / WRI GCF Readiness Programme: El Salvador. Final Report

End of Project Cumulative Report

Below is a summary of the work packages, outputs, indicators and activities in El Salvador, delivered during project's implementation from November 2015 to November 2018.

El Salvador		
Workpackage A: Building the institutional capacities of countries, with a focus on enabling direct access.		
<u>Specific project goal (output):</u> Title as in project proposal		
Module 1: Map the broad institutional context and strengthen capacity of national climate/-finance institutions for managing adaptation and mitigation finance across various institutions and levels.		
1.1) Mapping report on the broad institutional context, on existing policies and plans and on the capacity needs for managing adaptation and mitigation finance across the responsible institutions and levels.		
Indicator:		
A.1.a Number of mapping reports on institutional context, existing policies and capacity needs		
Activities carried out in the reporting period:		
Mapping of the main institutional roles with clarification of the functions and responsibilities of government agencies and other stakeholders, including the CIFCC, CICC, and public banks (Action 1.1.1 of the El Salvador work plan)	Planned in project proposal	Currently planned
	10/2014 To 03/2015	Completed on 03/2018
The Sustainability Cabinet was created. It is composed of different ministries and chaired by the Ministry of Environment and Natural Resources. The function of this Cabinet is to improve coordination within the Government of El Salvador on issues of sustainability, including climate change. The Cabinet established a climate finance committee, in order to define a strategy and architecture for climate finance. The preparation project provided the necessary technical assistance to support the committee in the design of the climate financing architecture and strategy. The GCF preparation program, support to the Committee so that it will participate in a south-south experience, on climate finance in Bogotá, Colombia, to learn of the important advances of this country. Now El Salvador has its own Strategy and Architecture for Climate Financing, which will allow it to direct the search for funds not only with the GCF, but with other partners that finance climate change. In addition to these products, a Guide was prepared for the presentation of projects to be financed by the Green Climate Fund and other existing funds and a mechanism for Project Evaluation and Prioritization Procedures.		
Conduct gap analysis to strengthen information management (climate finance data collection and information exchange and analysis (Action 1.1.2 of the El Salvador work plan)	Planned in project proposal	Currently planned
	10/2014 To 03/2015	Completed on 03/2018

El Salvador is also one of the countries worldwide that applied the methodology of Financial Flow Analysis and Investment Flows (FI & FF) in five key sectors of El Salvador to deal with the effects of climate change and with a view to advancing towards the NDCs. The 5 prioritized sub-sectors are water, infrastructure, health, agriculture and energy. The study includes the main adaptation measures for the sectors of agriculture, environmental health and infrastructure. Additionally, mitigation measures in the water and energy sectors. The FI & FF helps to build a solid information base, which allows us to understand the magnitude of the funds needed to tackle or face the problems caused by the effects of climate change, both in the medium and long term. Finally, a National Inventory of Critical Investment in strategic Infrastructure before Potential Events for Climate Change was carried out. The purpose of the study was to have an instrument for planning critical investments in the face of changes in climatic variability promoted by global warming in order to guide the financing of climate and the management of national and international resources. As a result of this study, we have the First Inventory of Critical Investments in Strategic Infrastructure to ensure Road Connectivity, and the provision of the Drinking Water and Sanitation service, in the face of extreme climatic and hydrometeorological phenomena fostered by climate change in The Savior.

Specific project goal (output): Title as in project proposal
Module 1: Map the broad institutional context and strengthen capacity of national climate/-finance institutions for managing adaptation and mitigation finance across various institutions and levels.

1.2) Training workshops, training material and reports regarding the management of climate finance including required finance management systems across institutions.

Indicator

A.1.b Number of training workshops and reports regarding management of climate finance across institutions including finance management systems

Activities carried out in the reporting period:

Conduct workshop to strengthen the capacities of the relevant institutions (not limited to the implementing entity) that are responsible for the management of climate finance, building on results of 1.1.2 (Action 1.1.3 of the El Salvador work plan)	Planned in project proposal	Currently planned
	04/2015 To 09/2015	10/2016 To 04/2018

The Program supported the design and execution of a Certification in Climate Financing, with CATIE (Center for Teaching and Tropical Agricultural Research). 30 government officials were registered; including the NDA, the Ministry of the Environment and the direct access candidates, among others. the certification lasted for 6 months and the general objective was to develop specific technical knowledge and the skills of the staff of national institutions related to climate finance, in the main international instruments for fund management, to initiate adequate, balanced access and direct to available funds (with a focus on the GCF). A total of 29 people, representing 10 institutions participated managed to obtain the Certification. The modules taught were the following: 1. - International climate financing mechanisms, 2. - National climate financing mechanisms, 3. - Access to climate finance of the Green Climate Fund (GCF) and challenges for El Salvador. and 4. - Formulation of the proposed project.

Specific project goal (output): Title as in project proposal

Module 2: Develop national and / or sectoral financial plans detailing financial needs related to climate change and how climate funds can be allocated.

2.1) National and / or sectoral financial plans on climate change developed including provision of decision support tools for improving the planning of climate related interventions

Identify funds and develop structured donor commitments (Action 1.4.3 of the El Salvador work plan)	Planned in project proposal	Currently planned
	10/2014 To 03/2015	Action Completed in 2017
Technical assistance with the formulation of the National CC Plan and completion of sectoral plans of the MAG, MOP, CEPA, CEL, ANDA, MINSAL, MINED and other institutions (Action 3.1.1 of the El Salvador work plan)	Planned in project proposal	Currently planned
	01/2015 To 09/2015	Action Completed on 2018

The Ministry of Agriculture and Livestock was supported in the formulation of the Climate Change Policy for the Agricultural, Forestry, Fisheries and Aquaculture Sector. The policy was formulated with broad participation from different sectors, among which stand out: the mancomunidades and mayorships, federations and cooperatives, associations and foundations, government, academia, independent producers, NGOs, international organizations and banking.

The purpose of the Policy is to contribute to the sustainability of agricultural, livestock, forestry, fisheries and aquaculture activities, through the implementation of mitigation and adaptation measures to climate change, conservation and proper use of soil and water, with the participation of active of the population. The strategic axes of the documents are: Sustainable management of soil and water, management of agroclimatic risks, knowledge management, cooperation management for the implementation of the policy and modernization of the Ministry of Agriculture and Livestock to meet the challenges of climate change.

The formulation of the **Climate Change Policy for the Sector of Public Works, Transportation, Housing and Urban Development was supported.** The Policy is a conceptual and strategic starting point, which identifies the first lines of action to be able to design a concrete plan from the competencies of the MOPTVDU and to coordinate with other sectors related to the subject. The approach to the problem is broad and complex, so the policy begins by defining the territorial scales of analysis, which locate the scope of intervention with an impact on land use planning, urban development and city systems, public works, housing and transportation. It briefly describes the climatic scenarios for El Salvador and presents a characterization in data of the sectors of housing, public works and transportation in El Salvador.

It contextualizes the legal and normative framework that allows understanding the existing legal handles and the gaps to be complemented, which will be a priority to modernize the legal framework in order to allow the operation of adaptation and mitigation actions to climate change. The conceptualization summarizes and explains what are the trends for mitigation and adaptation measures for cities and public works, as well as for the transport sector, where some of El Salvador's initiatives regarding clean transportation and other issues are described. important The strategic framework proposes six strategic lines that will allow the organization of action, aimed at intervening: i) in the legal and regulatory framework, ii) in climate knowledge to plan and understand

the problem, iii) in measures for adaptation and mitigation to change climatic, iv) to promote intra and inter-institutional coordination and, v) measures to sensitize all sectors of the population so that they are a part to promote significant measures from everyday life.

Specific project goal (output): Title as in project proposal
Module 2: Develop national and / or sectoral financial plans detailing financial needs related to climate change and how climate funds can be allocated.

2.2) Draft or completed climate public expenditure and institutional review.

Indicator
A.2.b Number of draft or completed climate public expenditure and institutional reviews

Activities carried out in the reporting period:

	Planned in project proposal	Currently planned
Systematize the analysis of public finances for climate change for the purpose of facilitating planning, budget allocation and monitoring through a CPEIR (:) (Action 1.4.1 of the El Salvador work plan)	04/2015 To 12/2015	Completed on 04/2018

The CPEIR showed that El Salvador's climate spending between 2011 and 2015 was USD 1,169.84 million, with an annual average of USD 233.97 million, which represents 1.1% of GDP. Spending by climate category yielded the following results: 63% invested in adaptation, 27% in mitigation actions and 10% in losses and damages. Another important fact that the study reflected was that the largest expense by financing sources was by national effort, representing 95.17%. Donations only represent 4.83%.

Specific project goal (output): Title as in project proposal
Module 3: Assist countries in identifying, establishing and strengthening implementing entities (IE) and national designated authorities (NDA) in order to access climate finance.

3.1) Training workshops, training material, and advisory services for government institutions on direct (including enhanced direct) and indirect access requirements for the GCF and on the access to and mobilization of climate finance more broadly (international, national, private and public)

Indicator
A.3.a Number of training workshops on GCF and climate finance
A.3.b Number of appropriate NIE and NDA in the process of being established and strengthened

Activities carried out in the reporting period:

	Planned in project proposal	Currently planned
Hold workshop on strengthening NIE coordination arrangements with other government agencies and ministries and on execution functions based on 1.2.1 (Action 1.2.2 of the El Salvador work plan)	04/2015 To 09/2015	Completed on 05/2018

In June 2016 a mission was undertaken to the El Salvador. During this mission a rapid assessment of 5 institutions should be undertaken. This was completed during the mission and a report of the results was prepared and presented to a body of stakeholders from several ministries. A final decision was

taken to nominate the two entities with the highest results from the rapid assessment; a public social fund "FISDL" and a development bank BANDESAL

Hold training on NIE execution functions, including executing entities based on 1.2.1 and 1.2.2 (Action 1.2.3 of the El Salvador work plan)	Planned in project proposal	Currently planned
	04/2015 To 09/2015	Completed on 05/2018

In March 2017, a mission was organized so that the two prioritized national entities are up to date in the process of accreditation of the FVC. This was followed by a capacity building workshop and a full assessment of the capacity of its gaps towards accreditation. The results of the capacity assessment showed that BANDESAL had to focus on strengthening its environmental and social policies and procedures, to better reflect the environmental and social safeguards of the FVC, specifically IFC's performance standards 1-8. On the other hand, the FISDL needed to strengthen some of its capacities for project management, particularly monitoring and evaluation. The entity also had to strengthen its environmental and social safeguards, to reflect IFC's performance standards 1-8. Both entities were in the process of developing a gender policy.

Direct technical support for NIE staff on fiduciary standards, auditing, social/environmental/gender safeguards, risk management among others; through (1) a mission to identify specific necessities; (2) the elaboration of a work plan to address the necessities (3) direct technical assistance to implement the work plan. (Action 1.3.1 of the El Salvador work plan)	Planned in project proposal	Currently planned
	04/2015 To 12/2015	Completed in 2017

A following mission was organized to strengthen the capacities in terms of environmental and social safeguards (ESS) and specific fiduciary standards of both entities based on the gaps found. The Program hired an accreditation consultant supported by two other specialized experts (fiduciary standards expert and gender expert and ESS) to provide technical support and guidance to both FISDL and Bandedal with the accreditation process. The consultants supported the two entities to develop AML policies, procurement policies and practices, due diligence practice, internal controls framework, ESS policy, gender policy, project development guidelines, etc., including comparison of the existing practices of the entity with the best practices and FVC standards. Bandedal submitted its application online in the last quarter of 2017 and FISDL did so in early 2018.

Specific project goal (output): Title as in project proposal		
Module 3: Assist countries in identifying, establishing and strengthening implementing entities (IE) and national designated authorities (NDA) in order to access climate finance.		
3.2) Mapping report and roadmap for establishing and endorsing an appropriate NIE, subnational and/or regional entity.)		
Indicator		
A.3.b Number of appropriate NIE and NDA in the process of being established and strengthened		
Activities carried out in the reporting period:		
Development of a roadmap for the design of a national implementing entity with coordination arrangements with	Planned in project proposal	Currently planned

other government agencies and ministries (Action 1.2.1 of the El Salvador work plan)	01/2015 To 06/2015	Action Completed in 2017
A road map was established for the establishment of the two direct accreditation entities. This has been used to guide the actions to be taken to achieve the accreditations of both BANDESAL and FISDL.		
Specific project goal (output): Title as in project proposal Module 4 : Develop systems including tools and methods for national and sub-national monitoring and reporting on climate finance including its results		
4.1) Systems developed and relevant staff trained for national and sub-national monitoring, evaluating, reporting and verifying climate finance.		
Indicator A.4.a Number of systems in place for national and sub-national monitoring, evaluating, reporting and verifying climate finance and operated by trained staff		
Activities carried out in the reporting period:		
Establish a climate finance monitoring plan & system that is effective, transparent and in line with existing MRV systems in the country, or with MRV systems in development (Action 1.3.2 of the El Salvador work plan)	Planned in project proposal 07/2015 To 09/2016	Currently planned Completed on 05/2018
The MRV climate financing system proposal has been made in a manner consistent with the national climate finance strategy and its inter-institutional architecture. The MRV serves to establish a broader reference of the objectives and institutional system of the country related to the management of climate finance. In addition, the proposed MRV system has been formulated through a methodological process based on an analysis of international good practices, a diagnosis of the national situation and an institutional consultation process. The implementation of a monitoring, reporting and verification system (MRV) for climate financing has as its central objective the collection, processing and systematization of information from various sources (public and private, international and national) of financing associated with mitigation actions and adaptation to climate change in El Salvador.		

Workpackage B: Preparation of country programmes and project pipelines for GCF support.

Specific project goal (output): Title as in project proposal Module 6: Facilitate national level climate investment consultations		
6.1) Consultation events and related training material.		
Indicator B.6.a Number of consultation events using developed training material		
Activities carried out in the reporting period:		
Training and consultation workshop with the following components: (1) Technical training of public, private and social entities, academia, and private and professional guilds on the project cycle and finance mechanisms for implementing climate projects and programs; and (2) Dialogue/consultation with stakeholders in the business and finance sector and public sector at the different territorial	Planned in project proposal 01/2015 To 03/2015	Currently planned Action completed in 2017

and jurisdictional levels to discuss public-private climate change initiatives, identify finance mechanisms from multiple sources and mobilize funds. (Action 3.2.1 of the El Salvador work plan).

Specific project goal (output): Title as in project proposal
Module 7: Prepare guidelines and tools for climate related assessments and for identification and formulation of proposals for funding

7.1) National climate related information tools and guidelines developed and adapted to the specific country needs.

Indicator

B.7.a Number of developed climate related information tools and guidelines

Activities carried out in the reporting period:

Develop and launch a climate finance information website. (Action 3.3.1 of the El Salvador work plan)	Planned in project proposal	Currently planned
	01/2015 To 09/2015	

Develop brochures and other publications to educate stakeholders on the critical climate finance aspects for El Salvador. (Action 3.3.2 of the El Salvador work plan)	Planned in project proposal	Currently planned
	04/2015 To 09/2015	

Specific project goal (output): Title as in project proposal
Module 8: Support preparation of a pipeline of climate projects and provide them with targeted technical and financial support in order to make them bankable.

8.2) Strengthened adaptation, mitigation and REDD+ proposals for submission to national and international climate funding mechanisms (including the GCF as far as it already accepts submission of proposals).)

Indicator

B.8.a Number of viable and “bankable” adaptation, mitigation and REDD projects

B.8.b Number of adaptation, mitigation and REDD+ proposals “ready” for submission

Activities carried out in the reporting period:

Support to private project developers to partially cover the costs of key aspects (milestones) in the starting phase of selected projects and to submit proposals for climate finance with a focus on sectoral programmes in order to expand the scale of the projects; through direct technical assistance (Action 2.1.1 of the El Salvador work)	Planned in project proposal	Currently planned
	10/2014 To 12/2015	Completed in 2017

The Government of El Salvador initially prioritized two project proposals that would be developed with the support of the Readiness Program for submission to the GCF. The first project proposal is about the recovery and adaptation to climate change of the coffee forest in El Salvador. To contribute to this proposal, two studies were carried out that were fundamental for the formulation of the conceptual note and the full proposal; these are: 1. Diagnosis of the Coffee Market in El Salvador in the framework of the formulation of the "Program for the Increase of Resilience to

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Climate Change of the Sector and Coffee Forest" to be submitted for financing to the Green Climate Fund and 2 Study of the coffee beneficiary to face climate change. In view of the large size of the project and its components, including a loan for sustainable coffee production, the Government of El Salvador requested the Inter-American Development Bank (IDB) as the accredited entity to further develop and present this proposal to the GCF. The IDB and the Government of El Salvador are still working on completing the proposal in order to be presented soon to the GCF

The second proposal that was supported is called Increased Resilience to Climate Change in the Central American Dry Corridor and Arid Zones of the Dominican Republic. This proposal is of regional scope to the countries that are members of the SICA (Central American Integration System), to combat the effects of climate change in the dry corridor. The proposal has been developed at the level of Concept Note and the technical studies that support the Full Proposal are prepared. In the first stage the Readiness project made a valuable technical and economic contribution. For the second phase, the Central American Bank for Economic Integration BCIE has made an economic contribution to complete the studies and the complete proposal. The objective of the proposal is to improve the adaptation capacity of the most vulnerable communities, whose livelihoods depend on the goods and services of the ecosystems, to the adverse effects of climate change in the Central American Dry Corridor and arid zones of the Dominican Republic.

Specific project goal (output): Title as in project proposal
Module 9: Train local financial institutions to build up the skills required for climate related investment activity:

9.1) Workshops and training materials.

Indicator

B.9.a Number of Workshops conducted for local financial institutions

Activities carried out in the reporting period:

Provision of technical assistance and funding for the local microfinance sector to support its involvement in the financing of sectors such as renewable energy, energy efficiency, agro-forestry and climate resilient agriculture in micro-, small and medium enterprises and smallholder agriculture, small communities and municipalities (Action 2.2.1 of the El Salvador work plan)	Planned in project proposal	Currently planned
	04/2015 To 12/2015	Completed in 2017

Specific project goal (output): Title as in project proposal
Module 10: Provide technical assistance and funding support to local financial institutions to develop new financial products and services for prioritized climate sectors.

10.1) New financial products and services launched or in preparation by targeted local financial institutions for prioritized climate sectors

Indicator

B.10.b Number of new financial products and services developed or in preparation by local financial institutions

Activities carried out in the reporting period:

For the conceptual design of the Financial Mechanisms, the national strategic needs and priorities that El Salvador has	Planned in project proposal	Currently planned

<p>identified in terms of adaptation and mitigation to climate change were considered; in addition that the Mechanisms respond and contribute to the fulfillment of the international commitments assumed before the Convention and the Paris Agreement so that they are aligned with the priorities defined in the Nationally Determined Contribution (presented to the UNFCCC in November 2015); the remaining gaps found in the analysis of the different economic sectors; to achieve greater impact, focus mechanisms in a specific sector (s); and develop a gradual outline for the process of preparation of the Salvadoran financial system, with a coordinated implementation plan with the Government and the other main actors.</p> <p>The conceptual design of financial mechanisms called Climate Smart Facilities, which is composed of a line of green financing dedicated by sector (s) of interest and promotion thereof; A Technical Assistance program with: Training for FIs / MFIs; Education of clients; Disclosure of database of companies with certified green technology; Sensitization at all levels; A scheme of risk coverage (risk sharing); and An incentive scheme to foster the transition to sustainable triple impact development.</p>	<p>10/2014 To 12/2015</p>	<p>Completed in 2017.</p>
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