Action Fiche for Andean Region/Climate Change

1. Identification

<table>
<thead>
<tr>
<th>Title</th>
<th>Integrated Management of Climate Change in the Andean Community (ANDESCLIMA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CRIS number</td>
<td>DCI-ALA/2010/22-676</td>
</tr>
</tbody>
</table>
| Total cost | Total Cost: EUR 7,860,000  
EU contribution: EUR 7,000,000  
Counterpart contribution: EUR 860,000 |
| Aid method / Method of implementation | Project approach  
Decentralized management by Secretariat General of the CAN |
| DAC-code | 410 | Sector | General environmental protection |

2. Rationale

2.1. Sector context

The Andean Community (CAN) is a legally established sub-regional organisation. Its member countries are Bolivia, Colombia, Ecuador and Peru. The CAN is composed of organisms and institutions of the Andean System of Integration, including the General Secretariat of the Andean Community (CAN GS), which legal representation is established in Lima (Peru). Since the Presidential Summit of Tarija (Bolivia) in 2007, the Andean countries have advocated for a so-called "integral integration", increasing the attention paid to the social, political, cultural and environmental aspects of the regional integration, in order to balance previous emphasis put on economy and trade. Although economic indicators show a dynamic and developing region (gross domestic product (GDP) having increased nine times between 1970 and 2007 and intra-Andean trade, 77 times during the same period\(^1\)), a large percentage of the population lives under poverty and extreme poverty thresholds\(^2\).

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1 Source: CAN-GS Statistical Unit  
2 Human and income poverty: developing countries / Population living below USD2 a day (%): 30.3% Bolivia; 27.9% Colombia; 18.5% Peru; 12.8% Ecuador. Human Development Report 2009, UNDP.
Climate change constitutes a massive threat to development. Populations in rural areas and indigenous communities living in developing countries face the double challenge of having to tackle the worst of the impacts with low capacity. The Andean Region is one of the regions in the planet most affected by climate change.

These effects contribute to increase already existing problems in agricultural and livestock production, in the conservation of environmental diversity, in the population's health condition and well-being and the consequences of natural disasters. Of particular concern is the impact of climate change on water resources which affects industrial production in urban and rural areas, energy production as well as water supply in urban centres.

High Mountain and Paramo ecosystems are particularly vulnerable to global climate change. As a result of higher temperatures\(^3\) and extreme events (heavy rainfalls, droughts), the following impacts are observed: glacier recession, water scarcity, irregular water levels in rivers and wetlands, floods, forest fires, forest loss, erosion, desertification, higher agricultural frontier, loss of habitat and biodiversity, new diseases and pests, food insecurity and conflicts over scarce resources.

The response to the effects of climate change has to be integral, including natural resource management (water, soils, forests, energy) and its link to human beings, particularly vulnerable groups.

The project fits under the climate change/environment strategic sector of the Regional Indicative Programme (RIP II 2011-2013) of the Regional Strategy Paper (RSP 2007-2013), which defines the priorities of the EU-CAN cooperation. This new sector was incorporated following the recently concluded Mid-Term Review (MTR) of the Regional Strategic Paper. The project is the result of the coordination between the CAN GS and the Andean countries and responds to the priorities set in the Andean Environmental Agenda (AEA) 2006-2010, approved by the Andean Countries in August 2006, and the new AEA 2011-2015, which is expected to be submitted to the Andean Council of Ministers of Foreign Affairs for approval in the course of the year. The AEA provides the guidelines for international and regional cooperation in environmental issues in the sub-region. It includes three main thematic sectors of intervention: Biodiversity, Climate Change and Water Resource Management.

With regard to climate change, the environmental strategy focuses its attention on “strengthening the capacities aimed at assessing existing vulnerabilities and to adopt effective adaptation measures in the four countries of the sub-region”\(^4\). It also aims at "promoting the participation of the Andean sub-region in international and regional fora on climate change and to facilitate the creation of new spaces for international dialogue with representatives of local organisations"\(^5\). Finally, it also aims at "promoting public awareness on climate change in the sub-region, with special emphasis on decision-makers, social communicators and the educational community"\(^6\). Although the AEA specifically identifies mitigation and adaptation measures to climate change,

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\(^3\) According to the CAN GS, since the year 2000 average minimum temperature has increased 0.6º C and average maximum temperature 0.3º C.

\(^4\) Andean environmental Agenda 20011-2015 (draft proposal prepared in June 2010 by the Peruvian Pro Tempore Presidency of the CAN, in coordination with the CAN General Secretariat).

\(^5\) Ibid.

\(^6\) Ibid.
Bolivia expressed its firm interest in focusing exclusively on adaptation. The other three countries did not object since they consider adaptation measures necessary and relevant.

The project is also coherent with the EU-Latin America and Caribbean Summits in Lima (2008) and Madrid (2010).

A central problem to fight against climate change in an integrated manner, which was identified during the formulation phase, is the limited institutional capacity. This is due to:

- Lack of coherence and consensus in the response to climate change because of the complex socio-cultural, economic and environmental issues;
- Weak coordination between government institutions at different levels and organisations of affected population;
- Limited and narrowly-applied public agendas related to climate change, partly due to few numbers of projects being funded and implemented;
- Insufficiently disseminated scientific and local knowledge required to predict and face the effects of climate change in the Andean region;
- Slow and uncertain process to establish sub-regional agendas and action plans, with limited resources to effectively engage in strategic consultative procedures.

2.2. Lessons learnt

This document presents two categories of lessons learnt: (a) those identified by the CAN7 (CAN GS and Member Countries) following the implementation of initiatives in the field of biodiversity, water resources and risk management; and (b) lessons learnt from previous EU-funded projects8.

(a) CAN GS and Andean Countries:

1. The analysis of the effects of climate change should be carried out following an ecosystemic approach. Ecosystems are the natural wealth of any particular region, they determine the environmental conditions which influence the livelihood of local communities, they contribute to water source regulation and carbon capture and storage (CCS) and they also determine conditions for resilience.

2. It is necessary to make further improvements in generating the information required to understand the region's degree of vulnerability to the effects of climate change. This information should be provided following the analysis of existing information, the generation of new information and the application of mechanisms allowing information to reach all decision-making levels.

3. Andean livelihoods are particularly highly vulnerable to the effects of climate change because of the specific social, economic and geographic conditions that contribute to greater

7 Regional Workshop: Vulnerability and Adaptation to Climate Change Effects in the Tropical Andes (22-24 June 2010) Lima - Peru.
environmental degradation and, consequently, greater degree of vulnerability. Future actions should identify measures to increase the degree of resilience and build on existing local experiences.

4. At present, the actual potential effects of climate change on water resources and their impact on the hydrological cycle in Andean watersheds and on the ecosystems which regulate this cycle are still uncertain. It is necessary to increase the level of understanding on water demand, the deterioration of watersheds and ecosystems, changes in vegetation and soil, as well as on climatic changes as phenomena which are already affecting water availability and may have high incidence in climate change scenarios.

5. There are already ongoing initiatives implementing adaptation measures based on environmental management tools, planning and risk management. It is required to provide opportunities to exchange experiences, evaluate and analyse measures which can be replicated at different scales, define mechanisms to estimate the effectiveness of such measures and to support the definition of guidelines in order to contribute to the development of future sub-regional initiatives.

6. It is necessary to strengthen networks, support capacity building and other initiatives aimed at facilitating the dissemination of information and knowledge in order to raise awareness on vulnerability and the implementation of adaptation measures.

(b) EU-funded projects:

*Strengthening of regional Andean integration:*

1. In order to avoid regional project becoming just the sum of several projects, it is essential to define a methodology (approach, cooperative planning and decision making) that promotes an adequate use of regional networks and platforms.

2. In order to maximize coherence it is required to focus the implementation of actions in an eco-region shared by all four countries.

3. Andean countries and the CAN GS give high priority to cross-border interventions (although cross-border initiatives do not automatically lead to sub-regional integration).

*Management, effectiveness and agreements:*

4. It is useful to maintain and reinforce strategic alliances with other EU members with strong ties to national governments, particularly in environmental issues, that can assist in critical moments during decision making processes.

5. Coordination mechanisms between the various EU-funded projects in the region need to be promoted in order to facilitate complementarity and efficiency.

*Sustainability:*

6. The CAN GS should provide and co-finance the management structure of the project, in order to retain the acquired experience and to transfer adequate know-how in the region.
7. The project should play a facilitating role, avoid creating parallel structures or replace existing ones, be flexible when confronted with institutional and political changes and be able to strengthen regional and national capacities.

8. Monitoring and evaluation have been hampered by a lack of data required to measure performance. This implies the need to have a baseline study at the start of the project.

2.3. Complementary actions

There are several projects underway or about to start in the field of climate change and environment in the Andean region. Coordination and consultation have already been initiated with Finland, the German International Cooperation (GIZ), Spain, France, the Inter-American Institute for Cooperation in Agriculture (IICA) and the CAN GS in order to identify areas of common interest between projects implemented in the High Mountain eco-zone. Most projects show interest at least in one of the three strategic areas: implementation of adaptation measures with a territorial approach; articulation between social and institutional actors in knowledge and information management, and public agenda and political incidence. A more detailed description of the projects mentioned above is provided in Annex "Complementary actions and potential alliances".

EU projects: Strengthening pro-Poor Agricultural Innovation for Food Security in Andean Region (project in capacity building for technological innovation, financed by EU/ the International Fund for Agricultural Development - IFAD/ International Potato Centre – CIP), EUrocLIMA (strengthening institutional capacity and knowledge management), DIPECHO (disaster preparedness), Euro-solar (alternative energies) and Latin American Network of Knowledge Centres in the Water Sector - establishment of a network of knowledge centres in the water sector) Projects.

Regarding EUrocLIMA, the Delegation has initiated contacts with the Technical Assistance of the project to maintain a regular dialogue between the two projects to explore venues for potential areas of cooperation.

Relevant projects of other donors: Andean Regional Project for Adaptation to climate change (PRAA, knowledge management of glaciers and water resources, World Bank), BioCan (biodiversity, Finland); Agriculture and Adaptation to Climate Change (GIZ); Strengthening of National Entities for Protected Natural Areas in Colombia, Peru and Ecuador (GIZ); Knowledge management on receding glaciers (Development Research Institute (IRD)-CAN); Support Trade Negotiations EU-CAN (Andean Development Corporation - CAF); Agriculture and Livestock Technical Innovation Programme in the Andean Region (PROCANDINO, technological innovation and climate change alliances, IICA-Andean countries); Andean Paramo Programme (Consortium for sustainable development in the Andean Ecoregion (CONDESAN), Global Environment Facility (GEF), United Nations Development Programme (UNDP)); Sustainable Forest Management (IICA-Finland); Alliance for Energy and Environment (IICA-Finland) and the Mountain Alliance (Ministries for Foreign Affairs).

Multilateral entities, such as IICA, Food and Agricultural Organisation (FAO) or Consultative Group on International Agricultural Research (CGIAR) are particularly important to promote inter-sector coordination between environmental and agricultural authorities on agricultural practices, water management, food security and forest management. National and international academic networks dedicated to scientific research and development such as International Union
for Conservation of Nature and Natural Resources (UICN), IRD, CGIAR (CIP and International Centre for Tropical Agriculture - CIAT), IICA, International Centre for El Niño Research (CIIFEN), CONDESAN and the Andean Alliance for Change are considered key actors; some of them have already forged strategic alliances with CAN GS. Work through existing networks and alliances will be sought to promote the exchange of information and expertise, planning of activities and potential joint initiatives related to the project.

2.4. **Donor coordination**

In June 2003 the Andean Committee of National Authorities for International Cooperation (CATOCI) was established as the entity of the Andean Integration System responsible for the coordination of international cooperation and projects in the region. The CATOCI promoted the adhesion of the CAN to the Paris Declaration on Aid and Development Effectiveness. In 2009 the Andean Council of Ministers of Foreign Affairs adopted Decision 726 to that effect. The CATOCI meets regularly. Occasionally, donors are invited to participate in these meetings.

The EU and its Member States are guided by the principle of alignment of its cooperation efforts to the beneficiaries' policies and strategies. Donors with a particular focus on climate change and environment in the Andean region (Finland, the GIZ, Spain, France and the EU) organize regular coordination and consultation meetings. Donor coordination contributes to identifying synergies and complementarities between ongoing and future project activities. It also allows the strengthening of political support and advocacy on climate change-related issues.

3. **DESCRIPTION**

Climate change effects increase the already existing problems experienced in the fields of agricultural production, nature conservation, health and the recurrence of natural disasters. Water resources and availability, which affects rural life, industrial production, energy production and its provision to urban centres is an issue of particular concern. Any intervention formulated to reduce the negative consequences of climate change has to be integral and consider natural resources (such as water, soils, forests), economic (energy, production), cultural and social (link with society and communities) aspects. Similarly, adaptation to climate impacts must be totally integrated into any development planning and policy.

An analysis of the root causes of this situation evidenced that what mainly prevents the Andean region from reaching a higher level of resilience is the insufficient capacity of institutions and affected communities to fight climate change in an integrated manner.

This led to the definition of a **specific objective** aimed at increasing the capacity of institutions and local communities to implement integrated management measures for appropriate adaptation to climate change.

In order to achieve this objective, the project's intervention logic consists in obtaining meaningful results in three strategic and complementary areas: Raise awareness, support scientific capacity and provide targeted information and training ➔ Implement activities on adaptation to the effects of climate change through a number of projects that apply an integrated territorial approach ➔ Integrate lessons learnt to make adaptation measures part of the public agendas and policy-making process at national, provincial and local levels.
These three areas are an integral part of the Andean Environmental Agenda. They are perceived by the Andean partners as being priority areas of intervention to fight the effects of climate change.

The project focuses on the High Mountain eco-zone (including the Paramos). During the identification phase, this eco-zone was identified as an area of common interest for the majority of stakeholders consulted in each of the countries. It will allow to enhance existing initiatives, achieve complementarities and facilitate an effective and productive exchange of experiences among different entities, institutions and authorities in the region. Paramos and High Mountains play a vital role in the region since they are the major source of water supply in urban centres. The high-mountain eco-zone permits the application of the Integrated Watershed Management approach and the Ecosystem approach mentioned in the AEA. Both approaches are proposed by the Andean countries as a strategy to promoting an integrated management of adaptation to climate change.

The project will select a strategic eco-zone in each country to implement an integrated management plan for adaptation to climate change. Selected areas will have to be of particular relevance for the conservation and sustainable management of water resources.

Forging and strengthening alliances between relevant actors of different nature and competences (public, private, civil society, local, national, regional, international), will be essential to achieve meaningful and sustainable impacts. Similarly, a close coordination with EU Member States with expertise and projects in this particular sector (Germany, The Netherlands, Finland, Spain, and France) will be instrumental to share the required technical support and to obtain a more robust policy dialogue with relevant authorities and specialized entities.

3.1. Objectives

**Overall objective:** To contribute to alleviate poverty in the Andean region by reducing its environmental and social vulnerability to climate change.

**Specific objective (purpose):** To strengthen the capacity of institutions and local communities in order to implement an integrated management of adaptation measures to climate change in high mountain ecosystems.

3.2. Expected results and main activities

The project suggests the following results to achieve the specific objective:

**R1.** Articulation and coordination mechanisms between research and knowledge centres, organized local groups and public administration are promoted and strengthened.

To articulate core research and scientific groups in the field of climate change with key social actors and relevant authorities from national to local levels. This component will contribute to raise awareness and support existing scientific capacity by promoting coordination, adequate dissemination and exchange of information, and identification of "good practices".
The project will provide support to key private and public networks and institutions working in the field of climate change in order to facilitate the organisation of workshops, the exchange of knowledge and experiences, to provide training and capacity building sessions and to disseminate scientific information and knowledge adapted to policy makers and planners.

Policymakers and planners must be convinced of the relevance of climate change to their work and be able to learn from demonstrable results.

**Main activities for Expected Result 1:**

R1.A1. To strengthen the capacities of research and scientific institutions with specific competences in this sector for the adequate analysis of the effects of climate change in the High Mountains Ecosystems.

R1.A2. To support strategic alliances and networks of research entities in the region to facilitate the study of the effects of climate change in the Andean Region, with special emphasis on the High Mountains Ecosystems.

R1.A3. To promote the participation of organized groups of local communities in the prioritized territories on issues related to the knowledge of the impacts of climate change in High Mountains and the adaptation processes.

R2. Adaptation measures to climate change, integrating water resources management, biodiversity and risk management are enforced.

Specific integrated measures of adaptation will be introduced through the implementation of field projects in targeted areas. A needs-based assessment and a feasibility study in the selected areas will determine the adaptation measures to be implemented, which may include soil improvement (conservation agriculture, introduction of agricultural and livestock techniques and appropriate technologies adapted to fragile ecosystem, changes in agricultural practices of land preparation and sowing, environmentally-friendly livestock production…), water (more efficient irrigation schemes, flood control, protection of waterways, construction of small-scale dams for energy production…), forests (forest rehabilitation, reforestation of upper watersheds), biodiversity management (rehabilitation of ecosystems), housing (housing and infrastructures adapted to natural disasters), energy production (alternative clean energies) or management of natural disasters.

These activities will involve authorities, public and private entities and community organisations. The aim of this result is to demonstrate good practice and to convince policy makers and planners of the need to incorporate climate change into national and regional public policy and development priorities.

**Main activities for Expected Result 2:**

R2.A1. To carry out an analysis on the vulnerability to climate change effects in the selected areas of the high mountains ecosystems and to identify an Adaptation Plan to climate change for each of them.

R2.A2. To implement adaptation measures prioritized in the Adaptation Plan elaborated for each of the selected areas.

R2.A3. To strengthen capacities, exchange experiences and disseminate the results of local projects carried out in the selected areas.
R3. Public policies required to improve the definition, orientation and financing of adaptation measures to climate change are revised and promoted.

Results obtained in the implementation of the two previous components will help promoting public policies and a public agenda on adaptation to climate change at different levels (local, provincial, national and regional). Further capacity building may be required at this policy level to ensure that lessons from the previous steps can be effectively built into the policy process and strategy planning.

**Main activities for Expected Result 3:**
R3.A1. To define tools to assist in the planning and implementation of public investment plans and projects and to adapt existing policies on vulnerability reduction due to the effects of climate change.
R3.A2. To implement an information and communication strategy that promotes a change of culture towards integrated, participatory and inclusive approaches to adaptation to climate change, taking advantage of the experiences gathered by the selected projects in the Andean sub-region.

### 3.3. Risks and assumptions

#### 1) Risks

<table>
<thead>
<tr>
<th>Risks</th>
<th>Mitigation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Regular changes in government offices (personnel, planning) can cause delays and disruption of the existing technical teams.</td>
<td>To ensure constant training (e.g. training workshops, networks, etc.) of government officials and to establish a critical mass of experts and entities with sufficient knowledge on the project to sustain ongoing works.</td>
</tr>
<tr>
<td>2 Insufficient coordination within and between relevant government offices, and with other regional institutions.</td>
<td>To develop integrated sector initiatives (e.g. workshops, exchange of experiences). Establish formal alliances and platforms for inter-institutional collaboration and coordination.</td>
</tr>
<tr>
<td>3 Existing differences in national policies and strategies can become potential obstacles to overcome.</td>
<td>The project has prioritized non controversial fields of intervention of common agreement and interest.</td>
</tr>
<tr>
<td>4 The beneficiary does not provide the financial contribution agreed in the FA.</td>
<td>The counterpart's contribution depends on the beneficiary's capacity to contribute and reach an Andean Decision agreement between the four Andean countries before the signature of the FA.</td>
</tr>
<tr>
<td>5 Interaction between technical and political entities is not fluid.</td>
<td>Facilitate constant and adequate communication and information flow at technical and political levels.</td>
</tr>
<tr>
<td>6 Insufficient power leverage of the CAN GS towards national governments to reach consensus/agreement on issues related to the FA and the implementation of the project.</td>
<td>To support the CAN GS's whilst maintaining a direct dialogue with the countries to advocate in favour of the project; promoting joint initiatives with EU MS; active participation of the Delegation in the project and sector fora (e.g. Direction Committee).</td>
</tr>
</tbody>
</table>

#### 2) Assumptions
1. There will be no violent conflicts involving private and public actors, social movements of civil society and authorities on the rights to natural resources (water, land, forest) in the selected regions.

2. National governments continue to support regional initiatives and the role of the CAN GS.

3. National governments maintain their ongoing decentralisation processes, as established in their national legislations.

4. The CAN GS manages adequately and timely the required consultations with CAN Member Countries, in particular the Andean Committee of Environmental Authorities and the Andean Counsel of Ministers of Foreign Affairs, for the signing and implementation of the project.

3.4. Cross-cutting Issues

The project will be sensible to the structural and temporary causes of existing social and economic conflicts. It will support the recognition of the basic rights of farming and indigenous communities of access to land, water and other natural resources. Rights and access to natural resources are essential in order to ensure survival, wellbeing and cultural identity of indigenous and farming communities. The project will take into consideration and monitor potential consequences that any action funded by the project may have on the vulnerability of the beneficiary population and on social and economic conflicts.

Democratic governance will be promoted through participatory mechanisms and the promotion of specific policies, such as the co-management of protected areas envisaged in the national decentralisation processes.

Gender equality will be promoted by stimulating direct and active participation of women and their representing organisations in the consultative and decision-making processes. Once the actions are selected in the four countries, the project will look at indicators that could help measure the progress made towards gender equality.

Fundamental human rights, in particular those for children and vulnerable groups, will be promoted as project actions are expected to impact positively on health (access to drinking water), nutrition (food security, income generation), shelter/housing (disaster risk management) and a healthier environment.

3.5. Stakeholders

The CAN GS is a key actor in the sub-regional integration process. It has direct communication and policy dialogue with the Ministry of Foreign Affairs of each of the Andean countries. For issues related to environment and climate change, the CAN GS communicates with the relevant sector ministries of each country, which may lead the national environmental systems, the coordination with regional and local governments, the academia and civil society organisations.

The framework for the suggested action is the Andean Environmental Agenda (AEA). Under the leadership of the CAN GS, it is expected that competent sub-regional authorities will agree on the AEA during the first half of 2011. CAN GS is in a process of further strengthening its administrative and technical capabilities to implement the project. These efforts are being supported by international cooperation programmes funded by Finland, the GIZ and the EU

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9 A relevant publication is: *Training Manual on Gender and Climate Change*, UICN, 2009.
(through the technical institutional strengthening to be provided by the Institutional Strengthening of the Andean Community General Secretariat Technical Cooperation Unit II project - FORTICAN II).

Although to different degrees, each country promotes the involvement of civil society representatives, social organisations and municipal and provincial authorities in environmental initiatives and actions. All four countries have adopted policies and strategies towards the decentralisation of the national plans' implementation to regional and local governments promoting participatory mechanisms of shared responsibility (Association of Regional Autonomous Corporation (ASOCARS) in Colombia, Inter-regional Council for the Amazon Basin (CIAM) in Peru and National Council of Municipalities and Water basin councils in Ecuador). National and international academic networks dedicated to scientific research and development such as UICN, IRD, CGIAR (CIP, CIAT), IICA, CIIFEN, CONDESAN and the Andean Alliance for Change (refer to § 2.3.).

The rural population participates in the consultative and participatory processes by means of local authorities and civil society organisations. Rural communities are the most affected by the effects of climate change. This is the case mainly for the poorest rural population groups, but also for those with better income and for rural businesses which production processes depend heavily on the ecosystem. Poor urban populations are affected by the decline of agricultural and livestock production, rising prices of agricultural commodities, the increasing water shortage, the decrease in hydro-electrical power and the increase in the cost of energy.

*CAN GS* will maintain a policy dialogue with national governments. It will also promote and propose the harmonisation of concepts and norms in the sub-region. *National governments* will facilitate and promote the project implementation in the relevant government ministries. They will ensure coordination and cooperation with the regional administrative levels in their country. *Regional administrations* will facilitate coordination between the various actors in the selected region. They will also provide required support to ensure the adequate implementation of the suggested actions and ensure cooperation with local governments. *Local governments* will play an active role in implementing regional and national plans. They will be closely involved in the implementation of project actions. Organized *civil society* will participate in the project's planning and execution. Together with the local administrations, they are a driving force for sustainability.

**Beneficiaries**

**Direct** beneficiary: the Andean Community, represented by the CAN GS.

**Indirect** beneficiaries: local, regional and national government authorities; policy makers; planners; practitioners; research institutes; scientific community, NGOs and community-based organisations.

**Final** beneficiaries: the population in the Andean region since the ultimate goal is to increase their resilience to the effects of climate change.
4. **IMPLEMENTATION ISSUES**

4.1. **Method of implementation**

The method of implementation of the project is partial decentralized management through the signature of a financing agreement (FA) with the General Secretariat of the Andean Community in accordance with Articles 53b and 56 of the Financial Regulation.

The beneficiary of the FA is the Andean Community, represented by the CAN GS, who will act as Contracting Authority of the project.

The Commission controls ex ante all the procurement procedures except in cases where programme estimates are applied, under which the Commission applies ex ante control for procurement contracts > EUR 50,000 and may apply ex post for procurement contracts ≤ EUR 50,000. The Commission controls ex ante the contracting procedures for all grant contracts.

Payments are executed by the Commission except in cases where programmes estimates are applied, under which payments are executed by the beneficiary for operating costs and contracts up to the ceilings indicated in the table below. The responsible Contracting Authority ensures that, by using the model of financing agreement for decentralized management, the segregation of duties between the authorising officer and the accounting officer or of the equivalent functions within the delegated entity will be effective, so that the decentralisation of the payments can be carried out for contracts up to the ceilings specified below:

<table>
<thead>
<tr>
<th>Works</th>
<th>Supplies</th>
<th>Services</th>
<th>Grants</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; EUR 300,000</td>
<td>&lt; EUR 150,000</td>
<td>&lt; EUR 200,000</td>
<td>≤ EUR 100,000</td>
</tr>
</tbody>
</table>

4.2. **Procurement and grant award procedures**

1) Contracts

All contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question. Participation in the award of contracts for the present action shall be open to all natural and legal persons covered by the applicable procedures and standard documents laid down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question.

2) Specific rules for grants

For every selected eco-zone (at least one in each country), an Integrated Management Plan for Adaptation to climate change shall be developed. The implementation of each Plan shall be supported through grants. The essential selection and award criteria for the award of grants are laid down in the Practical Guide to contract procedures for EC external actions. They are established in accordance with the principles set out in Title VI 'Grants' of the Financial Regulation applicable to the General Budget. When derogations to these principles are applied, they shall be justified, in particular in the following cases:
- Financing in full (derogation to the principle of co-financing): the maximum possible rate of co-financing for grants is 80%. Full financing may only be applied in the cases provided in Article 253 of the Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of the Financial Regulation applicable to the General Budget.

- Derogation to the principle of non-retroactivity: a grant may be awarded for an action which has already begun only if the applicant can demonstrate the need to start the action before the grant is awarded, in accordance with Article 112 of the Financial Regulation applicable to the general budget.

3) Specific rules on programme estimates

All programme estimates must respect the procedures and standard documents laid down by the Commission, in force at the time of the adoption of the programme estimates in question (i.e. the Practical Guide to procedures for programme estimates). The EU financial contribution covers the ordinary operating costs deriving from the programme estimates.

4.3. **Budget and calendar**

<table>
<thead>
<tr>
<th>1 Services</th>
<th>EU</th>
<th>%</th>
<th>CAN</th>
<th>%</th>
<th>TOTAL</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1 Technical Assistance</td>
<td>2,770,000</td>
<td>40%</td>
<td>0</td>
<td>0%</td>
<td>2,770,000</td>
<td>35%</td>
</tr>
<tr>
<td>1.2 Monitoring, Evaluation, Audits</td>
<td>1,550,000</td>
<td>0</td>
<td>1,550,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.3 Research</td>
<td>220,000</td>
<td>0</td>
<td>220,000</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.4 Education and training</td>
<td>400,000</td>
<td>0</td>
<td>400,000</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.5 Exchange of Experiences</td>
<td>350,000</td>
<td>0</td>
<td>350,000</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Supply</td>
<td>250,000</td>
<td>0</td>
<td>250,000</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.1 Equipment</td>
<td>280,000</td>
<td>4%</td>
<td>280,000</td>
<td>4%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 Information and Visibility</td>
<td>1,460,000</td>
<td>19%</td>
<td>1,460,000</td>
<td>19%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 Running costs</td>
<td>3,200,000</td>
<td>41%</td>
<td>3,200,000</td>
<td>41%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.1 Local Staff</td>
<td>760,000</td>
<td>1%</td>
<td>760,000</td>
<td>1%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.2 Other running costs</td>
<td>700,000</td>
<td>1%</td>
<td>700,000</td>
<td>1%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 Grants</td>
<td>860,000</td>
<td>100%</td>
<td>860,000</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6 Contingencies</td>
<td>50,000</td>
<td>1%</td>
<td>50,000</td>
<td>1%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7 TOTAL</td>
<td>7,860,000</td>
<td>100%</td>
<td>7,860,000</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The duration of the project is 54 months starting from the signature of the Financing Agreement by both parties. The duration of the closure phase is fixed at 6 months.

4.4. **Performance monitoring**

The degree of progress and the fulfilment of objectives and results of the project will be monitored regularly. The beneficiary of the project will be responsible to maintain a close monitoring of the technical and financial implementation of the project. The CAN GS will set and apply a monitoring system for the project. This system will provide data required for the intermediate and final reports. The project will submit quarterly intermediate implementation reports to the Contracting Authority and the EU Delegation, and a full report at the end of each programming period. These reports will contain:
• Synthesis of actions taken, problems encountered and solutions applied, and a comparison between actions concluded timely and, in case of delay, proper justification.
• A comparison between results projected and obtained on the basis of indicators provided by the project in each project estimate.
• A financial overview of expenditures during the preceding period, balance available per budget line, and a comparison between projected and real expenditure.

The European Commission can also request external performance monitoring and evaluation missions (Mid-term evaluations, Final evaluation; ex-post evaluation) if required. In addition, the Commission may carry out periodic external Results Oriented Monitoring missions that will begin once the project activities have been implemented for at least six months, and conclude no later than six months before the end of the project's operational implementation. Monitoring reports will be delivered to the CAN GS so that it can take into consideration any possible recommendations put forward by the mission.

4.5. Evaluation and audit

1) Evaluation

Independent consultants recruited directly by the Commission on specific terms of reference will conduct external evaluations. Based on perceived needs, the Commission will decide to carry out a final evaluation, an ex-post evaluation or both. Suggested evaluations are:

- a mid-term evaluation mission;
- a final evaluation, at the beginning of the end phase;
- an ex-post evaluation.

The beneficiary and the Commission shall analyse the conclusions and recommendations of the mid-term evaluation and jointly decide on the follow-up action to be taken and any necessary adjustments including, if indicated, the reorientation of the project. The Commission shall inform the beneficiary at least one month in advance of the dates foreseen for the external missions. The beneficiary shall collaborate efficiently and effectively with the monitoring and/or evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

2) Audit

The project's expenditures shall be audited/verified by a reputable external auditor/accountant. The Commission shall appoint the external auditor/accountant in accordance with EU procurement rules. The costs thereof will be paid as part of the specific allocation under the budget line "Services". The auditor/accountant shall see that the segregation of duties between the Authorising Officer and the Accounting Officer is in place and respected.

4.6. Communication and visibility
To ensure visibility of the cooperation financed by the EU, public relation actions and publicity will be carried out throughout the following tools: press handouts, brochures, articles and press reports, field visits, conferences, seminars, workshops and small promotional articles, in compliance with the Communication and Visibility Manual of the Commission. The beneficiary will ensure compliance with the prevailing procedures and documents. To that end, a Communication and Visibility plan will form part of the periodic programming documents of the project, including projected costs.