

Legal Due Diligence

PROJECT TITLE: Ecosystem-based Adaptation to increase climate resilience in the Central American Dry Corridor and the Arid Zones of the Dominican Republic

ACCREDITED ENTITY: CENTRAL AMERICAN BANK FOR ECONOMIC INTEGRATION (CABEI)

Please provide the following information:

1. *Details of any government or regulatory approvals, licenses or permits required for implementing and operating the project/programme, the relevant issuing authority, and the date of issuance or expected date of issuance.*

Response:

- Relevant information is provided in the table 1 that follows, which contains information on the project's outputs, activities, and the applicable government approvals, licenses or permits required for the implementation of the project.

2. *Describe applicable taxes (or exemptions thereof) and foreign exchange regulations related to the project/programme.*

Response:

- The disbursements and payments made directly by CABEI, either with its resources or the resources from the GCF, benefit from the tax exemption. CABEI confirms that the CABEI-IFI Global credit line agreements will include a clause to require that the payments made by the IFIs of Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama and the Dominican Republic, to CABEI are free and clear of taxes.
- The currency that will be used for all the management of the funds and the project flows will be US \$. Payments and disbursements to be made as part of the activities may be in US \$ or in local currency. In the case of payments and disbursements in local currency, the official exchange rate of the Central Bank of Nicaragua, the Central Bank of Costa Rica, the Central Bank of Guatemala, the Central Bank of Honduras, the Central Bank of Nicaragua, and the Central Bank of the Dominican Republic will be applied, on the day the payment is made.

3. *Details of any insurance policies or requirements related to the project/programme.*

Response:

- Insurance policies or requirements are not applicable to the project.

Table 1. Applicable Regulations and Government Approvals – Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, Panama and the Dominican Republic

Activities	Sub-activities	Regulations/Issuing Authority and Date of Issuance	Taxes	Insurance
COMPONENT 1: MAINSTREAMING OF EBA, WATER-EFFICIENT TECHNOLOGIES AND NATURAL RESOURCE-BASED BUSINESSES INTO SELECTED CATCHMENTS				
Output 1. Strengthened technical capacity of local government, farmers and rural communities to implement EbA and other adaptation measures.				
1.1. Develop site-specific intervention plans for the 7 target catchments to integrate EbA measures through a participatory process with municipal authorities, local communities and other stakeholders.	1.1.1. Establish a community-level monitoring and evaluation committee in each municipality and build the capacity of these committees to monitor the biophysical, social and economic conditions in their local catchment areas as well as to assess the level of climate vulnerability, risks and opportunities.	Costa Rica <ul style="list-style-type: none"> Indigenous and Tribal Peoples Convention (Convention 169), 1989 General consultation mechanism for indigenous peoples, N ° 40932- MP-MJP, 2018 El Salvador <ul style="list-style-type: none"> Indigenous and Tribal Peoples Convention (Convention 169), 1989 Protected Areas Act, 2005 Law on the Special Land Regime Owned by Cooperative Associations, Communal and Community Farmers and Beneficiaries of Land Reform, 1996 Guatemala <ul style="list-style-type: none"> Indigenous and Tribal Peoples Convention (Convention 169), 1989 Regulations for Evaluation, Control and Environmental Monitoring, 2003 National Policy of Integral Rural Development, 2009 Regulation of Environmental Evaluation, Control and Monitoring, 2016 Honduras <ul style="list-style-type: none"> Municipal Act, 1990 Indigenous and Tribal Peoples Convention (Convention 169), 1989 General Environmental Act and its Regulations, 1993 Regulations for Basin Organisations, 2017 Titling of Communal Areas of Officially Recognised Indigenous and Afro-descendant Organisations, 2013 Nicaragua <ul style="list-style-type: none"> Law No. 445, Regime of communal property of indigenous peoples and ethnic communities of the autonomous regions of the Atlantic coast of Nicaragua and of the Bocay, Coco, Indio and Maíz rivers Decree 01-2007, Regulation of Protected Areas of Nicaragua. Special Law for the Committees of Drinking Water and Sanitation, 2010 	N/A	N/A
	1.1.2. Hold community engagement workshops in each municipality to develop a framework for site-specific intervention plans in each of the seven targeted catchments.			

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		Panama <ul style="list-style-type: none"> Indigenous and Tribal Peoples Convention (Convention 169), 1989 Cabinet Decree on Indigenous Peoples, 1971 Law on Indigenous People's Lands, 2008 The Dominican Republic <ul style="list-style-type: none"> Indigenous and Tribal Peoples Convention (Convention 169), 1989 Environmental Standard for Surface and Coastal Water Management, 2003 Biodiversity National Policy Strategy and Action Plan 2011–2020, 2011 Regulation for the environmental control, surveillance and inspection and the application of administrative sanctions, 2007 Agricultural and Livestock Promotion Act – Reformed, 1969 		
	1.1.3. Draft site-specific intervention plans for each of the seven targeted catchments.	Costa Rica <ul style="list-style-type: none"> National Climate Change Strategy, 2009 El Salvador <ul style="list-style-type: none"> Indigenous and Tribal Peoples Convention (Convention 169), 1989 Protected Areas Act, 2005 Law on the Special Land Regime Owned by Cooperative Associations, Communal and Community Farmers and Beneficiaries of Land Reform, 1996 National Biodiversity Strategy, 2013 Guatemala <ul style="list-style-type: none"> Policy for the Conservation, Protection and Improvement of the Environment and Natural Resources, 2007 Law of the Councils for Urban and Rural Development, 2002 Honduras <ul style="list-style-type: none"> Framework Law for the Drinking Water and Sanitation Sector, 2003 Climate Change Strategy, 2010 National Strategy of Biodiversity – Action plan for 2018-2022 Nicaragua <ul style="list-style-type: none"> Norms, Guidelines and Criteria for Land Use Planning, 2002 Plan for Adaptation to Climate Variability and change in the Agricultural, Forestry and Fishing Sectors Panama <ul style="list-style-type: none"> Regime for the Management, Protection and Conservation of River Basins, 2002 The Dominican Republic <ul style="list-style-type: none"> Environment and Natural Resources Act, 2000 Forestry Technical Standards Sectoral Biodiversity Law, 2015 		
	1.1.4. Hold a stakeholder workshop to validate and get stakeholder buy-in for site-specific intervention plans in each of the seven targeted catchments.			

Activities	Sub-activities	Regulations/Issuing Authority and Date of Issuance	Taxes	Insurance
1.2. Provide technical assistance to municipal authorities, farmers and rural communities for the implementation of EbA practices as well as water- and resource-efficient technologies.	1.2.1. Develop cooperation agreements with commercial farmers for forest restoration and sustainable land management.	Costa Rica <ul style="list-style-type: none"> Regional Convention for the Management and Conservation of the Natural Forest Ecosystems and the Development of Forest Plantations, Oct 15th 1999 Law of Development and Promotion of Organic Agricultural Activity, N° 8591, 2007 Law of the Use, Management and Conservation of Soils, n°779, 1998 El Salvador <ul style="list-style-type: none"> Regional Convention for the Management and Conservation of the Natural Forest Ecosystems and the Development of Forest Plantations, Oct 15th 1999 Law on the Special Land Regime Owned by Cooperative Associations, Communal and Community Farmers and Beneficiaries of Land Reform, 1996 National Biodiversity Strategy, 2013 Guatemala <ul style="list-style-type: none"> Regional Convention for the Management and Conservation of the Natural Forest Ecosystems and the Development of Forest Plantations, Oct 15th 1999 Forest Policy of Guatemala, 1999 Framework Law to Regulate Vulnerability Reduction, Compulsory Adaptation to the Effects of Climate Change and Mitigation of Greenhouse Gases, 2013 National Biodiversity Strategy and its Action Plan 2012 – 2022, 2011 National Wetlands Policy Honduras <ul style="list-style-type: none"> Regional Convention for the Management and Conservation of the Natural Forest Ecosystems and the Development of Forest Plantations, Oct 15th 1999 Land Use Act, 2003 Modernisation and Development of the Agricultural Sector Act, 1992 Nicaragua <ul style="list-style-type: none"> Norms, Guidelines and Criteria for Land Use Planning, 2002 Law No. 462. Law of Conservation, Promotion and Sustainable Development of the forestry sector, 2003 Law No. 765, Law for the Promotion of Agroecological and Organic Production, approved on January 23, 2012, published in the Official Gazette No. 15 Law for the Protection of Soils and Erosion Control, 1983 Panama <ul style="list-style-type: none"> Regional Convention for the Management and Conservation of the Natural Forest Ecosystems and the Development of Forest Plantations, Oct 15th 1999 National Policy for Agricultural Transformation, 2001 		
	1.2.2. Train commercial farmers on sustainable EbA practices, including sylvopasture, agroforestry and SLM.			

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		<ul style="list-style-type: none"> Regulation of Organic Agriculture, 2002 National Climate Change Plan for the Agricultural Sector for Panama, 2018 National Program of Good Agricultural Practices and Traceability, 2016 The Dominican Republic <ul style="list-style-type: none"> Regional Convention for the Management and Conservation of the Natural Forest Ecosystems and the Development of Forest Plantations, Oct 15th 1999 National Strategy for Adaptation to Climate Change in the agricultural sector of the Dominican Republic 2014–2020 Environment and Natural Resources Act, 2000 Regulations for Ecologic Agriculture, 2001 General Regulations for the Application of Good Agricultural and Livestock Practices, 2008 National Strategy for Adaptation to Climate Change in the agricultural sector of the Dominican Republic 2014–2020 		
	1.2.3. Develop protocols for the implementation of sustainable EbA practices, including the: i) conservation and restoration of forested areas; ii) establishment existing agroforestry systems; and iii) development of sustainable fuelwood source.	Costa Rica <ul style="list-style-type: none"> Agreement for the Creation of the Regional Coordinating Committee of Drinking Water and Sanitation Institutions of Central America, Panama and the Dominican Republic (CAPRE), 1989 Constitution of the National Water Governance Mechanism El Salvador <ul style="list-style-type: none"> Forest Act, 2002 Agrarian Law, 1907 Land Use and Development Act, 2011 Agreement for the Creation of the Regional Coordinating Committee of Drinking Water and Sanitation Institutions of Central America, Panama and the Dominican Republic (CAPRE), 1989 National Plan of Integrated Water Management with Emphasis on Prioritised Zones Guatemala <ul style="list-style-type: none"> Regulation of Environmental Management Framework Policy, 2003 Policy for the Conservation, Protection and Improvement of the Environment and Natural Resources, 2007 Agreement for the Creation of the Regional Coordinating Committee of Drinking Water and Sanitation Institutions of Central America, Panama and the Dominican Republic (CAPRE), 1989 Irrigation Promotion Policy, 2013 Honduras <ul style="list-style-type: none"> Forestry, Protected Areas and Wildlife Act, 2007 Agreement for the Creation of the Regional Coordinating Committee of Drinking Water and Sanitation Institutions of 		
	1.2.4. Develop protocols for the adoption of water-efficient technologies by households (e.g. rainwater harvesting systems), by communities (e.g. water intakes) and by small-holder and commercial farmers (e.g. drip irrigation, solar water pumping)			

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		<p>Central America, Panama and the Dominican Republic (CAPRE), 1989</p> <ul style="list-style-type: none"> General Law of Water, 2009 <p>Nicaragua</p> <ul style="list-style-type: none"> Decree 20-2017, Environmental Assessment System of Permits and Authorizations for the Sustainable Use of Natural Resources National Water Resources Policy, 2001 <p>Panama</p> <ul style="list-style-type: none"> Agreement for the Creation of the Regional Coordinating Committee of Drinking Water and Sanitation Institutions of Central America, Panama and the Dominican Republic (CAPRE), 1989 Water Law, 1966 National Plan for Integrated Water Resources Management of the Republic of Panama, 2010–2030, 2012 <p>The Dominican Republic</p> <ul style="list-style-type: none"> Protected Areas Act, Decree No. 309-95 dated December 31, 1995 Agreement for the Creation of the Regional Coordinating Committee of Drinking Water and Sanitation Institutions of Central America, Panama and the Dominican Republic (CAPRE), 1989 Domain of Terrestrial Waters and Distribution of Public Waters Act, 1962 		
	1.2.5. Develop protocols for the adoption of energy-efficient technologies that reduce fuelwood demand, (e.g. efficient charcoal kilns, fuelwood drying, efficient biomass stoves).	<p>El Salvador</p> <ul style="list-style-type: none"> Forest Act, 2002 <p>Guatemala</p> <ul style="list-style-type: none"> National Plan for Cleaner Production, 2010 <p>Honduras</p> <ul style="list-style-type: none"> Law for the Production and Consumption of Biofuels, 2007 <p>Nicaragua</p> <ul style="list-style-type: none"> National Policy for Mitigation and Adaptation to Climate Change and Creation of the National Climate Change Response System, 2015 <p>The Dominican Republic</p> <p>Operational regulations for the Clean Production and Efficient and Sustainable Use of Resources Network, 2014</p>		
	1.2.6. Establish a training of trainers programme for representatives of local departments of environment, CBOs, water committees, women's organisations and local cooperatives within each target country for EbA and water-efficient technologies based on the protocols developed under sub-activities 1.2.3–1.2.5.	<p>Costa Rica</p> <ul style="list-style-type: none"> General consultation mechanism for indigenous peoples, N ° 40932- MP-MJP, 2018 Agreement for the Creation of the Regional Coordinating Committee of Drinking Water and Sanitation Institutions of Central America, Panama and the Dominican Republic (CAPRE), 1989 Constitution of the National Water Governance Mechanism <p>El Salvador</p>		
	1.2.7. Organise training workshops linked to community meetings within each target municipality to train local communities on EbA and water-efficient technologies, including visits to demonstration sites to facilitate farmer to farmer knowledge exchange.			

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		<ul style="list-style-type: none"> • Law on the Special Land Regime Owned by Cooperative Associations, Communal and Community Farmers and Beneficiaries of Land Reform, 1996 • Constitutional Reform Incorporating a Subsection of Article 63 Recognizing Indigenous Peoples • Policy for Indigenous Peoples, 2015 Guatemala <ul style="list-style-type: none"> • Irrigation Promotion Policy, 2013 • Law against Femicide and other Forms of Violence Against Women, 2008 • Law of the Councils for Urban and Rural Development, 2002 • Municipal Code, 2002 Honduras <ul style="list-style-type: none"> • Regulations for Basin Organisations, 2017 • Equal Opportunities for Women Act, 2000 • Titling of Communal Areas of Officially Recognised Indigenous and Afro-descendant Organisations, 2013 • Public Policy against Racism and Racial Discrimination for the Integral Development of Indigenous and Afro-Honduran Peoples • Special Law on Environmental Education and Communication, 2009 • Framework Law for the Drinking Water and Sanitation Sector, 2003 • Strategy for the Management of Water Basins, 2017 Nicaragua <ul style="list-style-type: none"> • Special Law for the Committees of Drinking Water and Sanitation, 2010 • National Water Resources Policy, 2001 Panama <ul style="list-style-type: none"> • Law on Indigenous Knowledge, 2016 • National Climate Change Strategy 2050, 2019 • National Plan of Integral Development of the Indigenous Peoples of Panama, 2018 • Cabinet Decree on Indigenous Peoples, 1971 The Dominican Republic <ul style="list-style-type: none"> • Indigenous and Tribal Peoples Convention (Convention 169), 1989 • National Strategy to Strengthen Human Resources and Skills for Advancing Green Development with Low Emissions and Climate Resilience, 2012 • Domain of Terrestrial Waters and Distribution of Public Waters Act, 1962 		
1.3. Provide technical assistance to farmers and rural communities	1.3.1. Conduct a livelihood assessment within each of the seven target catchments, focusing on climate risks and alternative options.	Costa Rica		

Activities	Sub-activities	Regulations/Issuing Authority and Date of Issuance	Taxes	Insurance
for the development of natural resource-based businesses and alternative climate-resilient livelihoods.	1.3.2. Conduct community engagement workshops to develop livelihood action plans for each target community based on the assessments conducted in 1.3.1	<ul style="list-style-type: none">• Law of the Use, Management and Conservation of Soils, n°779, 1998• Land and Colonisation Law, n°2825, 2012 El Salvador <ul style="list-style-type: none">• National Environmental Policy• Law on the special land regime owned by cooperative associations, communal and community farmers and beneficiaries of land reform, 1996 Honduras <ul style="list-style-type: none">• Climate Change Strategy, 2010• National Solidarity Credit Program for Rural Women• Climate Change Act, 2013• Equal Opportunities for Women Act, 2000 Guatemala <ul style="list-style-type: none">• Law of the National Coordinator for the Reduction of Natural or Caused Disasters, 1996• National Food Security and Nutrition Policy• National Policy of Integral Rural Development Nicaragua <ul style="list-style-type: none">• Norms, Guidelines and Criteria for Land Use Planning, 2002• Law for the Transformation and Development of Coffee Growing Panama <ul style="list-style-type: none">• National Biodiversity Strategy and Action Plan 2018–2050, 2018 The Dominican Republic <ul style="list-style-type: none">• Regulations for Ecologic Agriculture, 2001		
	1.3.3. Establish livelihood training programmes in each municipality for farmers and rural communities on locally appropriate natural resource-based businesses and climate-resilient livelihoods as identified in the livelihood action plans.			
Output 2. Demonstration adaptation interventions implemented in rural communities across seven target catchments in the Dry Corridor and Arid Zones.				
2.1. Implement landscape EbA interventions within rural communities across the seven target catchments.	2.1.1. Establish tree nurseries focused on native species	Costa Rica <ul style="list-style-type: none">• Regional Convention for the Management and Conservation of the Natural Forest Ecosystems and the Development of Forest Plantations, Oct 15th 1999• Law of Development and Promotion of Organic Agricultural Activity, N° 8591, 2007• Law of the Use, Management and Conservation of Soils, n°779, 1998• Organic Law of the Environment, n°7554• Biodiversity Law, n°7788, 1998• Land and Colonisation Law, n°2825, 2012 El Salvador <ul style="list-style-type: none">• Regional Convention for the Management and Conservation of the Natural Forest Ecosystems and the Development of Forest Plantations, Oct 15th 1999• Protected Areas Act, 2005	N/A	N/A
	2.1.2. Establish forest protection zones.			
	2.1.3. Protect and restore natural forest in major recharge areas and riparian zones.			
	2.1.4. Restore forested areas across seven catchments.			
	2.1.5. Restore pine forests in Guatemala, Honduras and Nicaragua.			
	2.1.6. Establish agroforestry systems using diversified living fence arrangements in basic grains crops.			
	2.1.7. Establish agroforestry systems for natural shade in coffee plantations.			
	2.1.8. Establish silvopasture systems using diversified living fence arrangements.			
	2.1.9. Establish silvopasture systems.			

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	2.1.10. Establish sustainable fuelwood and timber plantations.	<ul style="list-style-type: none"> • Forest Act, 2002 • Land Use and Development Act, 2011 • National Biodiversity Strategy, 2013 Guatemala <ul style="list-style-type: none"> • Regional Convention for the Management and Conservation of the Natural Forest Ecosystems and the Development of Forest Plantations, Oct 15th 1999 • Environmental Protection and Improvement Act, 1986 • Protected Areas Act, 1989, amended 1990 • Forestry Act, 1996 • Policy for the Conservation, Protection and Improvement of the Environment and Natural Resources, 2007 • National Climate Change Policy, 2009 • National Biodiversity Strategy and its Action Plan 2012 – 2022, 2011 • Plan for the Zero Hunger Pact • National Strategy for the Development of Organic and Agroecological Production 2013-2023, 2012 Honduras <ul style="list-style-type: none"> • Regional Convention for the Management and Conservation of the Natural Forest Ecosystems and the Development of Forest Plantations, Oct 15th 1999 • Forestry, Protected Areas and Wildlife Act, 2007 • Modernisation and Development of the Agricultural Sector Act, 1992 Nicaragua <ul style="list-style-type: none"> • Norms, Guidelines and Criteria for Land Use Planning, 2002 • Law for the Protection of Soils and Erosion Control, 1983 • National Policy for Sustainable Development of the Forestry Sector in Nicaragua, 2008 • Decree 20-2017, Environmental Assessment System of Permits and Authorizations for the Sustainable Use of Natural Resources • Law No. 462. Law of Conservation, Promotion and Sustainable Development of the forestry sector, 2003 • Decree 01-2007, Regulation of Protected Areas of Nicaragua • Law No. 765, Law for the Promotion of Agroecological and Organic Production, approved on January 23, 2012, published in the Official Gazette No. 15 • Law. No. 217, General Law of the Environment and Natural Resources with their incorporated reforms, published in the Official Gazette No. 20 of January 31, 2014 Panama		
	2.1.11. Establish firebreaks for forests and plantations.			
	2.1.12. Construct living barriers for soil conservation.			
	2.1.13. Construct superficial drainage for soil conservation.			
	2.1.14 Technical design and guidance for the implementation of Forestry Measures			

Activities	Sub-activities	Regulations/Issuing Authority and Date of Issuance	Taxes	Insurance
		<ul style="list-style-type: none"> Regional Convention for the Management and Conservation of the Natural Forest Ecosystems and the Development of Forest Plantations, Oct 15th 1999 National Biodiversity Strategy and Action Plan 2018–2050, 2018 National Climate Change Strategy 2050, 2019 National Climate Change Plan for the Agricultural Sector for Panama, 2018 Forest Legislation, 1994 General Environment Law, 1998 National Policy for Agricultural Transformation, 2001 Regulation of Organic Agriculture, 2002 Agrarian Code of the Republic of Panama, 2011 The Dominican Republic <ul style="list-style-type: none"> Regional Convention for the Management and Conservation of the Natural Forest Ecosystems and the Development of Forest Plantations, Oct 15th 1999 Environment and Natural Resources Act, 2000 Forest Code, 1999 Regulations for Ecologic Agriculture, 2001 Reforestation activities as a requirement to obtain a bachelor's degree, 2003 National Strategy for Adaptation to Climate Change in the agricultural sector of the Dominican Republic 2014–2020 Biodiversity National Policy Strategy and Action Plan 2011–2020, 2011 Sectoral Biodiversity Law, 2015 Protected Areas Act, Decree No. 309-95 dated December 31, 1995 		
2.2. Implement demonstration water- and resource-efficient technologies within rural communities across the seven target catchments.	2.2.1. Install rainwater harvesting systems on community buildings in each target municipality.	Costa Rica <ul style="list-style-type: none"> Agreement for the Creation of the Regional Coordinating Committee of Drinking Water and Sanitation Institutions of Central America, Panama and the Dominican Republic (CAPRE), 1989, Law for the Quality of Drinking Water, 2005 El Salvador <ul style="list-style-type: none"> Agreement for the Creation of the Regional Coordinating Committee of Drinking Water and Sanitation Institutions of Central America, Panama and the Dominican Republic (CAPRE), 1989 National Plan of Integrated Water Management with Emphasis on Prioritised Zones National Policy for a Sustainable Management of Water Resource, 2017 Guatemala		
	2.2.2. Install community-level rainwater reservoirs in target communities.			
	2.2.3. Install half-orange kilns for efficient charcoal production in target communities.			
	2.2.4 Install community-level water pumping systems by solar panels.			
	2.2.5 Technical design and guidance for the implementation of Water & Energy Measures			

Activities	Sub-activities	Regulations/Issuing Authority and Date of Issuance	Taxes	Insurance
		<ul style="list-style-type: none"> • Agreement for the Creation of the Regional Coordinating Committee of Drinking Water and Sanitation Institutions of Central America, Panama and the Dominican Republic (CAPRE), 1989 • Regulation of Sanitary Standards for the Administration, Construction, Operation and Maintenance of Water Supply Services for Human Consumption, 2009 • Public Health Act, 1997 • Law of the Incentives for the Development of Renewable Energy, 2003 <p>Honduras</p> <ul style="list-style-type: none"> • Agreement for the Creation of the Regional Coordinating Committee of Drinking Water and Sanitation Institutions of Central America, Panama and the Dominican Republic (CAPRE), 1989 • General Regulation for Environmental Health • General Law of Water, 2009 • Strategy for the Management of Water Basins, 2017 • Sector, 2003 • Law for the Promotion of Electricity with Renewable Sources, 2007 • Strategy for the Management of Water Basins, 2017 <p>Nicaragua</p> <ul style="list-style-type: none"> • Decree 20-2017, Environmental Assessment System of Permits and Authorizations for the Sustainable Use of Natural Resources • Special Law for the Committees of Drinking Water and Sanitation, 2010 • General Law on Drinking Water and Sanitary Sewer Services, 1998 • National Water Resources Policy, 2001 • General Water Act, 2007 <p>Panama</p> <ul style="list-style-type: none"> • Agreement for the Creation of the Regional Coordinating Committee of Drinking Water and Sanitation Institutions of Central America, Panama and the Dominican Republic (CAPRE), 1989 • National Water Security Plan 2015–2050 – Water for All, 2015 • Water Law, 1966 • Regulatory Framework for Drinking Water and Sewerage Services, 1997 • National Plan of Water Security, 2016 <p>The Dominican Republic</p> <ul style="list-style-type: none"> • Agreement for the Creation of the Regional Coordinating Committee of Drinking Water and Sanitation Institutions of 		

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		Central America, Panama and the Dominican Republic (CAPRE), 1989 <ul style="list-style-type: none"> • Law on Incentives for Renewable Energies and Special Regimes • Domain of Terrestrial Waters and Distribution of Public Waters Act • Operational regulations for the Clean Production and Efficient and Sustainable Use of Resources Network, 2014 		
2.3 Establish the grant facility to support bottom-up selection and promotion of local EbA activities through non-reimbursable financing and start operations (operational expenses to be borne by the fund's overall activities)	2.3.1. Define eligibility criteria from Steering Committee guidelines and align to national and municipal adaptation policies and initiatives, define final operability of the grant facility, including the definition of a competitive selection mode	Costa Rica <ul style="list-style-type: none"> • General consultation mechanism for indigenous peoples, N ° 40932- MP-MJP, 2018 • National Institute of Innovation and Transfer in Agricultural Technology, decree 8149, 2001 • Biodiversity Law, n°7788, 1998, that establishes the possibility to implement payments for environmental services and promotes the protection and conservation of watershed and water systems throughout the National System of Conservation Areas El Salvador <ul style="list-style-type: none"> • Fund for the Economic and Social Development of Municipalities, 1988 • Forest Act, 2002, that aims to create the conditions for private sector engagement in reforestation, with productive ends and promotes the creation of forest incentives Guatemala <ul style="list-style-type: none"> • National Climate Change Policy, 2009 • Law on Climate Change, 2013 • Agrarian Policy, 2014 • Family Farming Program to Strengthen the Peasant Economy 2016-2020 Honduras <ul style="list-style-type: none"> • Law for the Financial Strengthening of Agricultural Producers, 2003 • Regulations for the National System of Environmental Impact Assessment, No. 008-2015, 2015 • National Fund for the Competitiveness of the Agricultural Sector, 2013 • National Solidarity Credit Program for Rural Women, 2015 Nicaragua <ul style="list-style-type: none"> • Regulation of the Incentives for Forest Development, Decree No 104-2005 • General Environmental and Natural Resources Act, 1996, that provides that the State should develop financial mechanisms for the valuation and payment of environmental services • Law No. 737, Law on administrative contracts in the public sector 		
	2.3.2. Raise awareness on grant availability for EbA investment in conjunction with community engagement workshops under 1.1.1.			
	2.3.3. Monitor success of selected projects, including definition and documentation of underlying economics (knowledge gained to be disseminated to inform scale-up finance)			
	2.3.4. Communicate results via specific events and media initiatives.			
	2.3.5. Secure initial set-up and running cost of grant facility			

Activities	Sub-activities	Regulations/Issuing Authority and Date of Issuance	Taxes	Insurance
		Panama <ul style="list-style-type: none"> National Policy for Agricultural Transformation, 2001 National Plan of Integral Development of the Indigenous Peoples of Panama, 2018 National Climate Change Plan for the Agricultural Sector for Panama, 2018 The Dominican Republic <ul style="list-style-type: none"> National Strategy for Adaptation to Climate Change in the agricultural sector of the Dominican Republic 2014–2020 Biodiversity National Policy Strategy and Action Plan 2011–2020, 2011 		
Output 3. Information on climate change adaptation and its financing disseminated across the region and mainstreamed into local and national policies.				
3.1. Establish regional knowledge hub for the dissemination of information on EbA in the Dry Corridor and Arid Zones.	3.1.1. Establish a knowledge management hub linked to the Environmental Observatory to disseminate best practices and lessons learned from the project, to support decision-making related to EbA implementation. The hub will incorporate specific modules for engagement with universities, research centers and private sector in the region for EbA Measures.	Costa Rica <ul style="list-style-type: none"> National Institute of Innovation and Transfer in Agricultural Technology, decree 8149, 2001 Biodiversity Law, n°7788, 1998, that establishes the possibility to implement payments for environmental services and promotes the protection and conservation of watershed and water systems throughout the National System of Conservation Areas. El Salvador <ul style="list-style-type: none"> Policy for Indigenous Peoples, 2015 Guatemala <ul style="list-style-type: none"> Municipal Code, 2002 National Policy of Integral Rural Development Regulation of Environmental Management Framework Policy, 2003 Honduras <ul style="list-style-type: none"> Special Law on Environmental Education and Communication, 2009 Regulations for the National System of Environmental Impact Assessment, No. 008-2015, 2015 Special Regulations for the Implementation of Compensation Mechanism for Ecosystem Goods and Services, 2015 Equal Opportunities for Women Act, 2000 Nicaragua <ul style="list-style-type: none"> Law Decree No. 830: Creative Law of the Nicaraguan Institute for Territorial Studies, Published in La Gaceta, Official Gazette No. 224 of October 5, 1981. Environmental Strategies and Climate Change; National Strategy for Environmental Education National Policy for Mitigation and Adaptation to Climate Change and Creation of the National Climate Change Response System, 2015, which includes promotion of knowledge, research, financing and information on adaptation and mitigation to climate change, as 	N/A	N/A
	3.1.2. Develop knowledge products to be disseminated through the knowledge hub, including sustainable landscape management standards and procedures, opportunities for access to financing and women economic empowerment as well as technical assistance, business opportunities, technical guidelines for the assessment of ecosystem services and their contribution to human well-being.			
	3.1.3. Train policy- and decision-makers at the municipal level on climate change impacts, including the impacts of gender inequality, and the role of EbA in mitigating climate change impacts to support political and technical decision-making for climate resilience in the Dry Corridor and Arid Zones.			
	3.1.4. Strengthen the technical capacity of community organisations, including women's groups, and local champions in developing, revising and disseminating information products to support the adoption of EbA and other resilient practices.			

Activities	Sub-activities	Regulations/Issuing Authority and Date of Issuance	Taxes	Insurance
		<p>well as the modernisation and strengthening of surveillance and early warning systems</p> <ul style="list-style-type: none"> • National Water Resources Policy, 2001 <p>Panama</p> <ul style="list-style-type: none"> • National Program of Good Agricultural Practices and Traceability, 2016 • Forest Legislation, 1994 • Law on Indigenous Knowledge, 2016 <p>The Dominican Republic</p> <ul style="list-style-type: none"> • Creation of National System of Agricultural and Forestry Investigations, 2012 • Regulations for the National Environmental and Natural Resources Fund, 2009 • National Strategy to Strengthen Human Resources and Skills for Advancing Green Development with Low Emissions and Climate Resilience, 2012 • Forest Code, 1999 		
3.2. Raise awareness of financial mechanisms for the implementation of CCA interventions	3.2.1. Train public officers/agencies at the municipal level to facilitate the uptake of financial mechanisms in their communities	<p>Costa Rica</p> <ul style="list-style-type: none"> • National Institute of Innovation and Transfer in Agricultural Technology, decree 8149, 2001 • General consultation mechanism for indigenous peoples, N ° 40932- MP-MJP, 2018 <p>El Salvador</p> <ul style="list-style-type: none"> • Law on the special land regime owned by cooperative associations, communal and community farmers and beneficiaries of land reform, 1996 • Policy for Indigenous Peoples, 2015 <p>Guatemala</p> <ul style="list-style-type: none"> • Municipal Code, 2002 • National Policy of Integral Rural Development • Regulation of Environmental Management Framework Policy, 2003 <p>Honduras</p> <ul style="list-style-type: none"> • National Solidarity Credit Program for Rural Women, 2015 • Special Law on Environmental Education and Communication, 2009 <p>Nicaragua</p> <ul style="list-style-type: none"> • General Environmental and Natural Resources Act, 1996, that provides that the State should develop financial mechanisms for the valuation and payment of environmental services • Law Decree No. 830: Creative Law of the Nicaraguan Institute for Territorial Studies, Published in La Gaceta, Official Gazette No. 224 of October 5, 1981 <p>Panama</p> <ul style="list-style-type: none"> • Establishment of the Guarantees Program for agricultural activity and dictates other provisions, 2005 <p>The Dominican Republic</p>		
	3.2.2. Train medium-large scale private organisations/farmers to access loans through the EbA credit line.			
	3.2.3. Raise awareness among vulnerable communities and their organisations, including women's groups, about available financial mechanisms, including the EbA Credit Line and Trust Fund.			

Activities	Sub-activities	Regulations/Issuing Authority and Date of Issuance	Taxes	Insurance
		<ul style="list-style-type: none">Regulations for Ecologic Agriculture, 2001National Program for the Payment of Environmental Services, 2008National Environmental and Natural Resources Fund, 2009National Strategy for Adaptation to Climate Change in the agricultural sector of the Dominican Republic 2014–2020		
3.3. Enhance capacity of national and local-level policy-makers, in partnership with knowledge network of universities, research centers and private sector, to integrate climate change adaptation and the valuation of natural capital into local policies	3.3.1. Build an evidence base using both in-country research and findings from comparable ecological zones in other countries, to clearly demonstrate the value and effectiveness of proposed adaptation activities to municipal-level policy-makers.	Costa Rica <ul style="list-style-type: none">Constitution of the National Water Governance MechanismNational Institute of Innovation and Transfer in Agricultural Technology, decree 8149, 2001		
	3.3.2. Develop or adjust a methodology to value ecosystems services to develop accounts profiles of natural capital so that it is integrated into development plans in the Dry Corridor.	El Salvador <ul style="list-style-type: none">Forest Act, 2002, that aims to create the conditions for private sector engagement in reforestation, with productive ends and promotes the creation of forest incentivesFund for the Economic and Social Development of Municipalities, 1988		
	3.3.3. Develop guidelines for local governments outlining protocols and criteria for implementation of economic incentives for SLM (e.g. water funds, payments for environmental services).	Guatemala <ul style="list-style-type: none">National Climate Change Policy, 2009Law on Climate Change, 2013Municipal Code, 2002		
	3.3.4. Train local governments to make policy changes, including the use of protocols and criteria for the adoption of EbA and implementation of economic incentives for SLM (e.g. water funds, payments for environmental services).	Honduras <ul style="list-style-type: none">Climate Change Act, 2013Country's Vision 2010–2038 and National Plan 2010–2022Special Law on Environmental Education and Communication, 2009Equal Opportunities for Women Act, 2000 Nicaragua <ul style="list-style-type: none">National Policy for Mitigation and Adaptation to Climate Change and Creation of the National Climate Change Response System, 2015General Environmental and Natural Resources Act, 1996, that provides that the State should develop financial mechanisms for the valuation and payment of environmental services		
	3.3.5. Organise workshops targeting municipalities within the Dry Corridor and Arid Zones to disseminate the evidence resulting from local government experiences to promote the integration of climate resilience in broader policies and actions across the region.	Panama <ul style="list-style-type: none">National Policy for Agricultural Transformation, 2001Law on Indigenous Knowledge, 2016 The Dominican Republic <ul style="list-style-type: none">Environment and Natural Resources Act, 2000Regulations for Ecologic Agriculture, 2001National Program for the Payment of Environmental Services, 2008National Environmental and Natural Resources Fund, 2009		
COMPONENT 2: FINANCING AND IMPLEMENTATION FOR EBA AS WELL AS WATER AND RESOURCE-EFFICIENT TECHNOLOGIES ACROSS SELECTED CATCHMENTS				

Activities	Sub-activities	Regulations/Issuing Authority and Date of Issuance	Taxes	Insurance
Output 4. Financial products and services to finance EbA investments are offered by Partner Financial Institutions (PFI), including PFI access to EbA on-lending funds and support mechanisms.				
4.1. Set-up and establish the financial structure for the lending and guarantee facilities	4.1.1. Set-up relevant fiscal, legal and regulatory compliance structures for the Lending facility's double trust structure and Guarantee facility	Costa Rica <ul style="list-style-type: none"> Regulator: General Superintendency of Financial Entities Law: Organic Law of the National Banking System No. 1644 The Guarantee Fund must be registered with the General Superintendence of Financial Institutions of Costa Rica (SUGEF). El Salvador <ul style="list-style-type: none"> Fund for the Economic and Social Development of Municipalities, 1988 Banking Law, Decree No. 697 Guatemala <ul style="list-style-type: none"> Law of Banks and Financial Groups, Decree 19-2002 Superintendency of Banks of Guatemala Land Fund Law, 1999 Law of the Councils for Urban and Rural Development, 2002 Honduras <ul style="list-style-type: none"> National Fund for the Competitiveness of the Agricultural Sector, 2013 Law of the Financial System Decree no. 129-2004 Nicaragua <ul style="list-style-type: none"> Law No. 290, Law of Organization, Competition and Procedures of the Executive Power Law No. 737, Law on administrative contracts in the public sector General Banking Law 314 Panama <ul style="list-style-type: none"> Establishment of the Guarantees Program for agricultural activity and dictates other provisions, 2005 Regulation of the Fee for the Payment of Ecological Compensation, 2003 Law 101 of Banks of Panama Regulator: Superintendency of Banks The Dominican Republic <ul style="list-style-type: none"> Regulation for the environmental control, surveillance and inspection and the application of administrative sanctions, 2007 Monetary and Financial Law 183-02 dated November 21, 2002 	N/A	N/A
	4.1.2. Create legal agreements, including regulatory, legal and fiscal approvals for the lending and guarantee facilities			
	4.1.3. Develop Steering Committee statutes and operational guidelines for the two facilities including eligibility criteria and processes for the blended EbA lending facility			

Activities	Sub-activities	Regulations/Issuing Authority and Date of Issuance	Taxes	Insurance
	4.1.4. Define investment criteria from Steering Committee guidelines and align with national laws and regulations, responsible banking principles, national and municipal adaptation policies and initiatives, define final operability of the blended EbA lending facility	<ul style="list-style-type: none"> Regulator: Superintendence of Banks 		
	4.1.5. Establish the guarantee facility to support EbA finance via the lending facility - define guarantee coverage criteria. Based on Regional Project Steering Committee guidelines and aligned with national laws and regulations, responsible banking principles, national and municipal adaptation policies and initiatives, the final operability of the EbA Guarantee Facility will be defined.			
4.2. Financing mechanism of the EbA lending facility and guarantee facility	4.2.1. Deployment of the lending facility	<p>In the case of CABEL own policies and regulations, the following current regulations are in place:</p> <ul style="list-style-type: none"> Annex No. 2 - Global Credit Line (GCL) Policy to the General Credit Bylaw of CABEL, which regulates the channeling of resources through the GCL to the IFIs. Resolution No. PRE-10/2021 that approves the Operational Manual of the facility to support the financial sector for economic reactivation. Component 5 - Financial Sector Support Facility, using the GCL to channel the resources. Within this <p>The following regulations included for each country, could be subject to any amendment, modification or promulgation of any new law or regulation.</p> <p>Costa Rica</p> <ul style="list-style-type: none"> Regulator: General Superintendency of Financial Entities Law: Organic Law of the National Banking System No. 1644 The Guarantee Fund must be registered with the General Superintendence of Financial Institutions of Costa Rica (SUGEF). 	To be determined	N/A
	4.2.2 Deployment of the Guarantee facility			

Activities	Sub-activities	Regulations/Issuing Authority and Date of Issuance	Taxes	Insurance
		El Salvador <ul style="list-style-type: none"> Fund for the Economic and Social Development of Municipalities, 1988 Banking Law, Decree No. 697 Regulator: Superintendency of the Financial System Guatemala <ul style="list-style-type: none"> Law of Banks and Financial Groups, Decree 19-2002 Superintendency of Banks of Guatemala Honduras <ul style="list-style-type: none"> Law: National Solidarity Credit Program for Rural Women Law of the Financial System Decree no, 129-2004 Regulator: National Commission of Banks and Insurance Nicaragua <ul style="list-style-type: none"> Law: General Environmental and Natural Resources Act, 1996, that provides that the State should develop financial mechanisms for the valuation and payment of environmental services General Banking Law 314 Regulator: Superintendency of Banks Panama <ul style="list-style-type: none"> Establishment of the Guarantees Program for agricultural activity and dictates other provisions, 2005 Law 101 of Banks of Panama Regulator: Superintendency of Banks The Dominican Republic <ul style="list-style-type: none"> Regulation of the System of Environmental Permits and Licenses, Procedure for the environmental evaluation of existing facilities and procedure of environmental impact assessment for new projects, 2004 		
4.3 Technical assistance (TA) facility to strengthen technical capacity of accredited and non-regulated financial institutions to access and channel funds for small- and large-scale EbA investments.	4.3.1. Develop or adjust training curriculums and technical assistance methodology targeted to fill gaps identified during initial due diligence based on ToT or online course methodologies and targeting certification financial institution personnel	Costa Rica <ul style="list-style-type: none"> National Institute of Innovation and Transfer in Agricultural Technology, decree 8149, 2001 National Climate Change Strategy, 2009 El Salvador <ul style="list-style-type: none"> Fund for the Economic and Social Development of Municipalities, 1988 Law on the Special Land Regime Owned by Cooperative Associations, Communal and Community Farmers and Beneficiaries of Land Reform, 1996 Policy for Indigenous Peoples, 2015 Forest Act, 2002, that aims to create the conditions for private sector engagement in reforestation, with productive ends and promotes the creation of forest incentives Guatemala <ul style="list-style-type: none"> Family Farming Program to Strengthen the Peasant Economy 2016-2020 	N/A	N/A
	4.3.2. Initiate and execute tailor-made technical assistance programme for PFIs based on gaps identified during initial due diligence			
	4.3.3. Periodic monitoring of TA and training success via reassessment based on scorecard used during initial due diligence			
	4.3.4. Adjust TA methodology and training curriculum according to periodic reassessment			
	4.3.5. Promote the blended EbA lending facility with potential network institutions and non-network institutions in each of the 7 countries			

Activities	Sub-activities	Regulations/Issuing Authority and Date of Issuance	Taxes	Insurance
		<ul style="list-style-type: none"> • Land Fund Law, 1999 • National Climate Change Policy, 2009 • Forest Incentives Law for Owners of Small Land Extensions of Forest or Agroforestry Vocation <p>Honduras</p> <ul style="list-style-type: none"> • Regulations for the National System of Environmental Impact Assessment, No. 008-2015, 2015 • Equal Opportunities for Women Act, 2000 <p>Nicaragua</p> <ul style="list-style-type: none"> • National Policy for Mitigation and Adaptation to Climate Change and Creation of the National Climate Change Response System, 2015, which the includes promotion of knowledge, research, financing and information on adaptation and mitigation to climate change, as well as the modernisation and strengthening of surveillance and early warning systems <p>Panama</p> <ul style="list-style-type: none"> • National Policy for Agricultural Transformation, 2001 • National Climate Change Plan for the Agricultural Sector for Panama, 2018 • National Program of Good Agricultural Practices and Traceability, 2016 <p>The Dominican Republic</p> <ul style="list-style-type: none"> • National Program for the Payment of Environmental Services, 2008 • National Environmental and Natural Resources Fund, 2009 • National Strategy to Strengthen Human Resources and Skills for Advancing Green Development with Low Emissions and Climate Resilience, 2012 		