

## SUMMARY OF THE PROJECT IN DESIGN \* (\*)

### Climate Action: Community-driven transformation in Central America

<b>PITCH ELIGIBILITY DATE</b>	<b>COUNTRY(IES)</b>	
02/22/2024	Costa Rica; El Salvador; Guatemala; Honduras; Panama	
<b>ALIGNED WITH COUNTRY STRATEGY?</b>		
Yes		
<b>PARTNER(S)</b>		
ChangeX International		
<b>PRELIMINARY CLASSIFICATION ENVIRONMENTAL AND SOCIAL IMPACT</b>		
C (**)		
<b>TOTAL BUDGET</b>	<b>IDB Lab</b>	<b>LOCAL COUNTERPART AND COFINANCING</b>
	US 2,000,000	
<b>DESCRIPTION</b>		

**The problem** In recent decades, Central America has become increasingly vulnerable due to its geographical exposure to the adverse effects of climate change, combined with soaring levels of poverty, and a strong dependence on agriculture as a key source of income. While the Food and Agriculture Organization of the United Nations (FAO, 2023) estimates that around 7.4 million people in Central America are already experiencing food insecurity, the Economic Commission for Latin America and the Caribbean, (ECLAC, 2018) warns that, with no action, crop yields could decrease by up to 43% by the end of this century, further exacerbating existing social and economic inequalities, disproportionately affecting groups like girls and women due to limited decision-making power and unequal access to resources. Both climate adaptation and mitigation strategies are critical to ensuring the long-term resilience, stability, and well-being of countries like Panama, Costa Rica, El Salvador, Guatemala, and Honduras.

Several challenges interconnect and operate at once in the regional ecosystem hindering communities' ability to adopt and scale innovations:

1. **Access to information:** Many communities in the region lack access to information to adopt innovative approaches for climate adaptation and mitigation limiting their ability to identify, adapt and implement the most appropriate solutions for their specific needs.
2. **Low institutional capacity of community-based organizations:** Many community-based organizations lack the technical and administrative capacity needed to successfully apply for and manage complex grant funding processes. Many of these communities are in remote areas and/or are characterized by high levels of poverty.
3. **Limited capillarity of funds to community led projects and innovators:** Despite the availability of dedicated grant funding sources in Central America, finance available for community-led climate adaptation and mitigation initiatives are often limited, especially at a grassroots level, as it is difficult for funders to effectively manage and measure the impact of multiple small projects. The limited ability to include smaller tickets inhibits experimentation with new approaches and its scalability.

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\*\*The IDB categorizes all projects into one of six E/S impact categories. Category A projects are those with the most significant and mostly permanent E/S impacts, category B those that cause mostly local and short-term impacts, and category C those with minimal or no negative impacts. A fourth category, FI-1 (high risk) Financial Intermediary (FI)'s portfolio includes exposure to business activities with potential significant adverse environmental or social risks or impacts that are diverse, mostly irreversible or unprecedented, FI-2 (medium risk) FI's portfolio consists of business activities that have potential limited adverse environmental or social risks or impacts, FI-3 (low risk) FI's portfolio consists of financial exposure to business activities that predominantly have minimal or no adverse environmental and social impacts.

4. **Nascent infrastructure for innovation and technology transfer:** The region's infrastructure for innovation and technology transfer is still in its nascent stage. This represents a significant barrier to the development of new solutions for climate adaptation and mitigation and the diffusion of proven successful ones that originated outside the region.
5. **Low Networking and Collaboration:** Many innovators lack the networks and collaboration needed to successfully leverage funding to scale their solutions, particularly to other geographies.

**The solution** ChangeX will launch the “Community Resources for Climate Action in Central America” platform to empower, activate and support communities with proven innovations facing the challenges of climate change in the region.

The model is built around:

- Technology solutions that allow us to scale the model efficiently and effectively to new geographies, adding new ideas and resources.
- Deep research and local engagement in each new geography and context prior to entry and have developed clear methodologies to do so.
- Continuous feedback loops are built into the product and model.

ChangeX is built on the principles of community-led development. Community leaders will start and support projects and solutions they feel are relevant to their local community. By providing guidance and resources, local communities will adopt and adapt to local context and to build on existing strengths and assets. This works to achieve sustainable change led entirely by the local community members, with support from the knowledge and experience of others.

The value proposition is centered in tackling key root causes of inefficiency in the innovation ecosystem around regional climate adaptation and mitigation:

1. Building and promoting proven innovation portfolios - ChangeX will build a relevant portfolio of innovations around the topics that can be activated in the local contexts and will work with a network of innovators to package their solutions.
2. Inclusive community-centered support: Organizations in the communities can apply to start the innovations they see as most relevant for their local setting.
3. Driving funding into the community-led innovation ecosystem: To generate inclusive ways in which funders with different amounts of available finance can contribute to the solution, we will test two fund models.
4. Monitoring, evaluation, and learning: Impact measurement is at the core of the model. ChangeX automatically tracks and stores activity & metrics of all projects implemented through the platform, i.e. # of ideas replicated, # of teams activating and # of community leaders engaged.

**The beneficiaries** the proposed Community Resources will help to scale at least twenty innovations dedicated to climate adaptation and mitigation to over 200 communities in the 5 prioritized countries. Over 1.000 community members from local organizations (small-scale producers, indigenous communities, SMEs, NGOs) will directly participate in the implementation of the projects impacting at least 60.000 people. Access to funding will be focused on marginalized communities and women. The project will also provide an expected carbon removal metric (tCO<sub>2</sub>e/year), as well as water, heat, and biodiversity related impacts. The total potential tons of CO<sub>2</sub> emissions reduced or avoided by these projects is around 90.000 tons.

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**The partner** ChangeX is the leading global platform for identifying, scaling, and financing proven social and environmental innovations, through empowering local communities to drive change. Headquartered in Ireland and registered as a 501(c)(3) charity in the USA (will register an entity in Panama if IDB Lab support is confirmed). Since 2015 it has impacted over 1.5 million people through connecting 25,000 community teams with 170 proven innovations, financed by partners including Microsoft, LEGO Foundation and Amazon Web Services. ChangeX operates community resources across Europe, North America, Latin America, Africa with new opportunities committed in Asia-Pacific in 2024.

**The IDB Lab's contribution** The expected contribution from IDB Lab is USD \$1,000,000 (NRTC \$500,000 and CRIG \$500,000) MIF Funds and USD \$1,000,000 core mobilization (TBD), focused on activities to adapt the business model to Central America, expand operations and networks to smaller geographies in LAC and strengthen expertise in climate change M&E methodologies.

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