

BUDGET INFORMATION	
<b>12. Amounts concerned</b>	Budget lines: 14.020140 – Cooperation with Latin America Total estimated cost: EUR 20 000 000 Total amount of EU budget contribution EUR 20 000 000 Other contribution: <i>To be determined</i>
MANAGEMENT AND IMPLEMENTATION	
<b>13. Type of financing</b>	<b>Indirect management</b> with an entrusted entity to be selected in accordance with the criteria set out in section 4.3.1

## 1.2 Summary of the Action

Nicaragua, a small, open economy heavily reliant on agriculture and light manufacturing, faces significant challenges exacerbated by the socio-political crisis of 2018-2019, compounded by the COVID-19 pandemic and natural disasters. These crises have led to increased poverty rates, and environmental degradation, particularly in water resources management. The upper Coco River Basin, located in the Nicaraguan Dry Corridor, suffers from deforestation, land degradation, and inadequate water access, disproportionately affecting rural and indigenous populations, and within these groups, women are especially affected, as well as persons with disabilities.

The Dry Corridor is a particular geographical central American region (going from Nicaragua to Guatemala), highly vulnerable to extreme weather events, such as recurrent droughts caused by the El Niño phenomenon and climate variability. These climatic conditions have resulted in significant losses in basic grain crops, exacerbating food insecurity and increasing rural migration.

The upper Coco River Basin faces challenges such as steep terrain, deforestation, and water scarcity, leading to conflicts over water access, exacerbated by gender disparities and marginalized indigenous communities. In this context, this action proposes to support the implementation of an Integrated Water Resources Management (IWRM) process, which will promote the coordinated development and management of water, land and related resources to maximize economic and social welfare in an equitable manner, without compromising the sustainability of vital ecosystems.

The extent of deforestation and land degradation due to extensive agriculture, cattle ranching and illegal logging continue to harm the availability of local water resources, affecting the most vulnerable rural and indigenous populations. As evidenced in the most recent report on land use change at the national level (MARENA 2018), Nicaragua annual deforestation rate between 2000 and 2015 is around 100,815 ha. Protecting recharge areas and water sources of deforestation is a priority in order to guarantee access to superficial and ground water for domestic and productive uses. Besides, reforestation can be a source of socioeconomic opportunities for the population.

The **general objective** of the action is to contribute to the adaptation of the vulnerable population in Nicaragua's Dry Corridor to the effects of climate change. **Expected outputs** include i) the protection and conservation of vulnerable water recharge areas; ii) the establishment of participatory mechanisms for the implementation of IWRM; iii) the improvement of water supply, sanitation and water harvesting infrastructure; and iv) the strengthening of the socioeconomic empowerment of women.

The Action is part of the Priority Area 1 of the MIP 2021-27 “Environment and climate change adaptation/mitigation” It covers the cross-cutting themes of: addressing inequalities; capacity building and civil society participation; a human rights-based approach; gender equality and women’s empowerment; innovation, digitalisation and data generation; implementation of nature-based solutions; and generation & communication of statistics and information.

This action responds to key principles such as adaptation and mitigation of climate change, empowerment of women and inclusion of vulnerable groups-such as persons with disabilities-, and is aligned with international and