

Ministry of Foreign Affairs – (Department for Green Diplomacy and Climate, GDK)

Meeting in the Council for Development Policy on 13 October 2022

Agenda Item No. 5

- 1. Overall purpose:** *For discussion and recommendation to the Minister*
- 2. Title:** UN Capital Development Fund (UNCDF) Local Climate Adaptive Living Facility 2022-2026
- 3. Presentation for Programme Committee:** 9 June 2022
- 4. Previous Danish support presented to UPR:** No, this is the first presentation to UPR

Strengthening locally led climate change adaptation in Africa

Key results

- Local governments in selected countries in Africa have the capacity to manage climate finance and strengthening climate resilience of communities through building basic climate change adapted investments.
- The Local Climate Adaptive Living Facility (LoCAL) is strengthened as international country-based mechanism that delivers technical, institutional and capacity-building support for climate adaptation with a focus on risk informed planning and decision-making and local climate resilient investments.

Justification for support

Local authorities are increasingly seen as key actors in the promotion of climate change adaptation and in building resilience to climate change at the local level. One of the key priorities for Danish development assistance is to contribute to climate change adaptation particular in Africa where some of the poorest and most vulnerable countries are found. A specific strategic objective is to build resilience locally. Danish support to LoCAL specifically delivers on these priorities and LoCAL is also aligned with the Principles of Locally Led Adaptation endorsed by Denmark ahead of COP26.

Major risks and challenges

The main risks are:

- Security situation in some countries will hinder the implementing of LoCAL.
- Data and information for carrying out localized Climate Resilience and Vulnerability Assessment are limited or difficult to access.
- Adequate adaptation solutions are poorly developed

Strategic objectives

Strengthened climate adaptive capacity among poor rural communities and local governments in selected LoCAL countries in Africa.

Environment and climate targeting - Principal objective (100%); Significant objective (50%)

	Climate adaptation	Climate mitigation	Biodiversity	Other green/environment
Indicate 0, 50% or 100%	100%	0	0	100%
Total green budget (DKK)	100			

Justification for choice of partner:

















UNCDF has more than 10 years' experience with implementing LoCAL, building resilient communities and local economies by supporting locally-led climate change adaptation through performance-based grants to local authorities for local climate investments. These investments are accompanied by capacity building in different relevant areas. UNCDF has a solid but flexible management system and is able to customize to different systems and needs in the countries. There is therefore a high level of ownership among the beneficiaries.

Summary:

LoCAL is a country-owned initiative aimed to promote green and climate-resilient communities and local economies by establishing a standard, internationally recognized country-based mechanism. LoCAL combines performance-based climate resilience grants with technical and capacity-building support of local authorities and communities. The Danish support will contribute to supporting countries in establishing their LoCAL mechanisms with a focus on key climate sensitive sectors such as agriculture and water, integrated with nature-based solutions. It will further focus on partner countries of Denmark like Somalia and Uganda while offering support to a larger group of African countries from various parts of the continent. The LoCAL approach includes know-how as well as finance, incorporating capacity-building, technical support and opportunities for South-South learning and exchange, which Africa will benefit from through the Danish support.

Budget (engagement as defined in FMI):

Engagement 1 – the development project	84 DKK million
Engagement 2 – auxiliary activities, such as advisors and M&E	8 DKK million
Engagement 3 – delivery fee	8 DKK million
Total	100 DKK million

File No.	2022-16931				
Country	Africa				
Responsible Unit	Green Diplomacy and Climate (GDK)				
Sector	Climate Change Adaptation				
Partner	UNCDF				
DKK million	2022	2023	2024	2025	Total
Commitment	50	50			100
Projected disbursement	14	42	27	17	100
Duration	4 years				
Previous grants	None				
Finance Act code	06.34.01.70				
Head of unit	Karin Poulsen				
Desk officer	Tobias von Platen-Hallermund				
Reviewed by CFO	YES: Rasmus Tvorup Ewald				
Relevant SDGs	     				
	 Affordable Clean Energy	 Decent Jobs, Econ. Growth	 Industry, Innovation, Infrastructure	 Reduced Inequalities	 Sustainable Cities, Communities
	 Climate Action	 Life below Water	 Life on Land	 Peace & Justice, strong Inst.	 Partnerships for Goals

Danish Support to the Local Climate Adaptive Living Facility

Strengthening locally led climate change adaptation in Africa

(2022-2026)

Project document for the Council for Development Policy

Ministry of Foreign Affairs of Denmark

September 2022

List of Acronyms and Abbreviations

ACCAF	Assessing climate change adaptation framework
AF	Adaptation Fund
AfDB	African Development Bank
AR6	IPCC's 6 th assessment report
CCA	Climate Change Adaptation
CRA	Climate Risk Assessment
CRVA	Climate Resilience and Vulnerability Assessment
ENABEL	Belgian Development Cooperation
GCF	Green Climate Fund
GDK	Green diplomacy and climate, MFA
IPCC	International Panel on Climate Change
LoA	Letter of Agreement
LoCAL	Local Climate Adaptive Living Facility
MFA	Danish Ministry of Foreign Affairs
MoU	Memorandum of Understanding
NAP	National Adaptation Plan
NBS	Nature-based solutions
NDC	Nationally Determined Contributions
OM	Operations Manual
PBCRG	Performance-based climate resilience grants
PFM	Public Financial Management
SCP	Strategic Country Programme
SDC	Swiss Development Cooperation
SIDA	Swedish International Development Agency
SIDS	Small Island Development States
UNCDF	UN Capital Development Fund
WRI	World Resources Institute

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Annex 5: Theory of Change, Scenario and Result Framework

Annex 6: Risk Management Matrix

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1 Introduction

As climate change in line with projections is already happening globally as well as locally, the need for adapting to these changes are pressing especially in developing countries. The Danish strategy for development cooperation gives high priority to support developing countries in adapting to climate change particular in Africa where some of the poorest and most vulnerable countries are found. Annex 1 outlines how climate change is projected to impact on the African continent. The project seeks to address the low level of climate adaptive capacity of particularly poor rural communities in African countries, lack of financing to climate change adaptation especially at the local level, and the low levels of capacity among local authorities and communities to build resilience and to manage financial resources for climate change adaptation. The project will contribute to both climate resilience and capacity building of local authorities and is aligned with the Principles of Locally Led Adaptation endorsed by Denmark ahead of COP26.

The present project document outlines the background, rationale and justification, objectives and management arrangements for development cooperation concerning the support to UN Capital Development Fund (UNCDF)'s programme LoCAL - Local Climate Adaptive Living Facility – as agreed between the parties: The UNCDF and the Department for Green Diplomacy and Climate in the Ministry of Foreign Affairs of Denmark. The project document is an annex to the legal bilateral agreement with the implementing partner and constitutes an integral part hereof together with the documentation specified below.

“The Documentation” refers to the partner documentation¹ for the supported intervention, which is LoCAL – the Local Climate Adaptive Living Facility. See also list of documents consulted in Annex 8.

2 Context, strategic considerations, rationale and justification

2.1 Brief summary of issues to be addressed

Tropical and sub-tropical zones that cover most of the African continent are some of the areas where climate change will be most severe, but the adverse impacts are very context-specific and varies significantly from region to region. Communities in developing countries in Africa, especially women and the elderly, living in rural areas are the ones that will be most affected by climate change and at the same time the ones that have the lowest capacity to adapt to the changes living conditions because of multi-dimensional poverty, low levels of education and illiteracy and exclusion from knowledge and decision-making.

Many LDCs have fragile government systems with low management capacity, low access to finance, high levels of corruption and are sometimes also affected by instability and armed conflict. Lack of finance and low management capacity are even more pronounced at the local level administration. This means that the State at the local level is ill equipped to address the challenges of climate change and thereby also seriously challenged in fulfilling its mandates across a range of climate sensitive sectors, including for providing basic social and economic services to improve livelihoods for the communities.

As impact of climate change increasingly sets in, natural disasters such as floods and cyclones become more frequent. Countries rarely or never manage to catch up with building back what was destroyed before the next disaster hit. Even when infrastructure is rebuilt it often collapses during the next extreme weather event because it is not built to resist the changing climate. Rural areas that are difficult to access, where few resources trickle down and that are mostly out of sight of urban and international elites with financial capacity are hardest hit by

¹ UN CAPITAL DEVELOPMENT FUND Global Programme Document Project Extension (The 2019 version is under revision)

the impact of climate change and the low capacity to build back better. These effects are perpetuating poverty, the urban-rural divide and the capacity of people to take charge of their lives and improve livelihoods.

The decrease and the unpredictability of rainfall in many African countries has a direct impact on water supply and food production of rural households in Africa. In these areas, agriculture is predominantly rain fed and low purchase power combined with weak or non-existent domestic or local food distribution systems leads to high levels of food insecurity and higher risk of famine and malnutrition. The low yields from agriculture production are also linked to erosion, low soil fertility, lack of agriculture input such as fertilizers and mechanization and a general depletion of natural resources. In coastal areas dependent on fisheries climate change leads to sea level rise with associated coastal erosion, bleaching of coral reefs and increased acidity and temperature rise. This multitude of interlinked factors create radical changes in the ecosystems and the marine resources that coastal communities are dependent on. This can be exacerbated by unsustainable practices of fishing, cutting mangrove forest etc. combined with industrial scale fishery at high sea, mining and on- and offshore exploitation of oil and gas. The unsustainable use of natural resources linked to poverty and the industrial scale exploitation of the same resources have led to the present high loss of biodiversity and depletion and destruction of ecosystems and natural habitats all over the World.

While developed countries need to accelerate the transition from black to green economy and reduce substantially the emissions of greenhouse gases to achieve the targets in the Paris Agreement, increased focus on building resilience to human-induced natural disasters and increasing the adaptive capacity to climate change in the most affected and vulnerable parts of the World is also critical. Climate change exacerbate the degradation of natural resources and the depletion of water resources which are already seriously stressed in many parts of the World especially in arid and semi-arid areas in Africa and in coastal areas in Small Development Island States (SIDS). The livelihood strategy of most people in developing countries is centred on agriculture and food-production. Population growth, unequal distribution and access to fertile land and dependency on rainfed agriculture are drivers that contribute to over-exploitation of natural resources. Climate change adds to this negative cycle that deepens poverty and challenges socio-economic development at local and national level in the most affected countries.

So far, 80-90% of climate financing to developing countries has been to mitigation and only 10-20% if adaptation. Out of these 10-20% the vast majority has been invested at the central level and only about 10-20% has reach the local level.² The specific focus of LoCAL to provide increased financing for climate change adaptation addresses directly the issues highlighted by the Adaptation Gap Report³ noting that estimated adaptation costs in developing countries are five to ten times greater than current public adaptation finance flows, and the adaptation finance gap is widening. A recent report on the landscape of climate finance in Kenya shows that climate-related expenditure in Kenya accounted for 25 percent of the of NCCAP budgeted financing needs in 2018/2019, with adaptation constituting only 30 percent of the amount.⁴

Through the support to LoCAL, the financing of climate change adaptation will be increased in poor communities, especially rural communities, in the African countries that work with LoCAL. The financing will contribute not only to climate resilience but also to capacity building of local authorities as the funds are channelled through and/or in alignment with existing fiscal transfer systems to local authorities. LoCAL country advisors work directly with the local authorities e.g. on capacity building on climate change, adaptation solutions, integration of climate change into plans and budgets, design of climate adaptive solutions and public procurement processes. The

² Preliminary study by CarbonAfrica in 2021 in Mozambique showed this. There are probably other sources that can confirm that.

³ <https://www.unep.org/resources/adaptation-gap-report-2021>

⁴ Government of Kenya and the Global NDC Implementation Partners (GNI Plus). 2021. The Landscape of Climate Finance in Kenya: On the road to implementing Kenya's NDC. Nairobi, Kenya. From *Financing Locally-Led Climate Action Program PID 23 June 2021* (The World Bank).

communities also receive capacity building on climate change adaptation and solutions and are directly involved in identifying the needs for climate resilient investments and suggesting specific interventions, which should be carried out.

The Danish support will primarily go to climate specific and climate smart actions but also to climate change adaptation capacity and awareness building (See table 1 below). The support will focus on investments to improve access to water, and for other purposes relevant locally as well as to increase agriculture production and productivity through application of climate smart solutions. This will be sought to be implemented through an integrated approach using nature-based solutions and making sure that the interventions are implemented in harmony with protection of valuable natural resources and ecosystems.

<p>Climate specific: Interventions that focus specifically and almost exclusively on addressing impacts of climate change and would be largely irrelevant or unnecessary without climate change</p> <p>Climate smart: Climate-smart approaches that pursue development goals, but whose actions need to be modified, changed or adjusted to account for climate change – e.g. climate proofing</p> <p>Climate strategic: Actions or interventions which are not particularly distinct from development business as usual, but which may be of greater priority because of climate change</p> <p>Climate change adaptation capacity and awareness building: Efforts to educate, train and/or promote behavior change with regards to climate change</p> <p>Climate complementary Actions or interventions which are not specific to climate change, but loosely relate to underlying drivers of climate vulnerability.</p>
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Table 1: Types of adaptation actions. Source: UNCDF LoCAL Assessing climate change adaptation framework (ACCAF)

2.2 The LoCAL objectives and priorities

Introduction

The Local Climate Adaptive Living (LoCAL) Facility assists local government authorities accessing the climate finance, capacity-building and technical support they need to respond to climate change in support of enhanced adaptive capacity of the communities. A standard, internationally recognized country-based mechanism, designed and hosted by the UN Capital Development Fund (UNCDF), LoCAL promotes climate change resilient communities and local economies.

LoCAL was first piloted in 2010-15 to bridge adaptation finance and capacity gaps, introduced first across Asia before launching globally in 2014. LoCAL has expanded and evolved considerably in the past years from engagement in 14 countries in 2014 into a standard, internationally recognized⁶, country-based mechanism being implemented or designed for implementation in 32 countries across Africa, Asia, the Caribbean and Pacific, of whom 25 are LDCs, 7 SIDS and 22 African nations. Through LoCAL, funds worth over USD 125 million have been mobilized to locally-led action to date, demonstrating that systems are in place to deliver funds to the climate change frontline. The LoCAL mechanism can also deliver at scale and to date, LoCAL has engaged more than 320 local governments and benefitted over 12.5 million people. 36% of the funds have come from the EU while Sweden and Belgium have also contributed considerably. Government's own contributions amount to more than

⁵ First missions were to Bhutan in July and December 2010 with a scoping report on the LoCAL modalities: Bhutan Scoping Mission report, July 2010, finalised with the MoU with the Government in 2011.

⁶ The LoCAL experience guidelines were endorsed by the LDC Expert Group to the UNFCCC as supplementary material to the NAP technical guidelines of the UNFCCC in 2019. As a result of the engagement with the Adaptation Committee of the UNFCCC, LoCAL was recognised as tool and method for subnational adaptation and included as such on the UNFCCC adaptation knowledge portal; LoCAL was further referenced by several UNFCCC bodies in official reports to the COP26 (including the Standing Committee on Finance and the 53th SBI session), as well as in a number of OECD publications.

33 million USD. A contribution of 100 million DKK equivalent to about 15 million USD will put Denmark in the top five contributors to implementation of LoCAL.

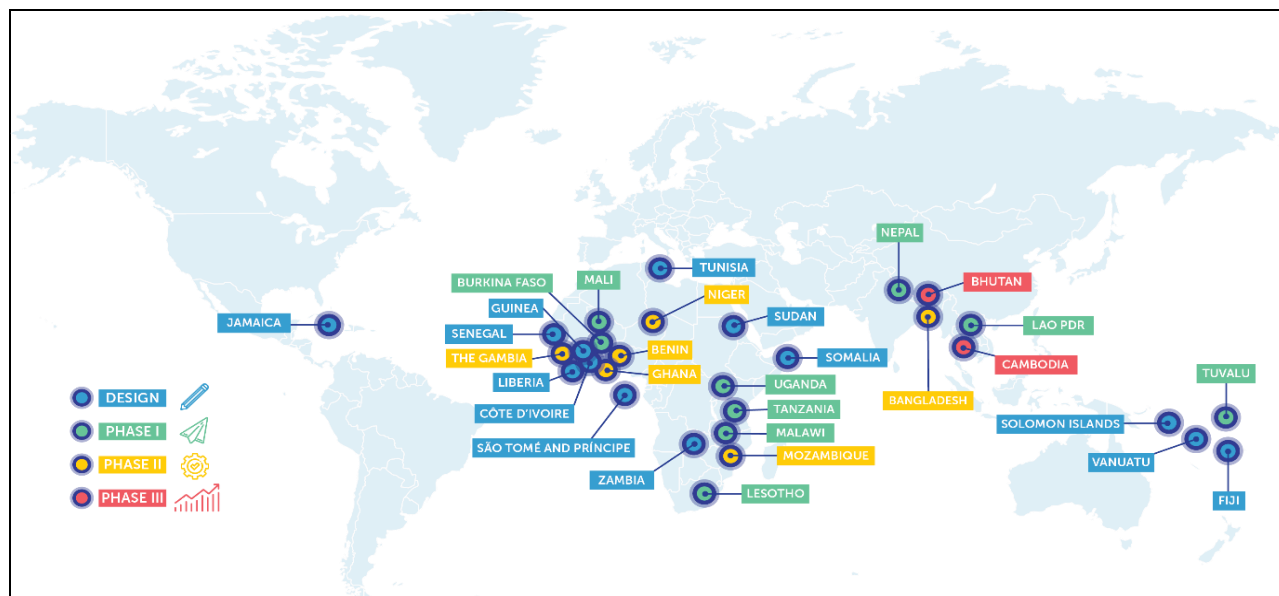


Figure 1: The 32 countries that are presently engaged with LoCAL as of December 2021

LoCAL is a country-owned initiative aimed to promote green and climate-resilient communities and local economies by establishing a standard, internationally recognized country-based mechanism. LoCAL combines performance-based climate resilience grants (PBCRGs) – in the form of financial top-ups to cover the additional costs of climate change adaptation– with technical and capacity-building support. PBCRGs ensure programming and verification of climate change expenditures at the local level while offering strong incentives for performance improvements in risk informed planning and mainstreaming as well as transparency, accountability and participatory decision making.

Performance-based climate resilience grants are based on an annual performance assessment of progress in achieving agreed indicators on *inter alia* climate change adaptation, strengthening decentralization, transparent and inclusive gender responsive and participatory governance. The funds are channelled through existing national fiscal transfer systems, avoiding parallel or ad hoc systems. LoCAL supports mainstreaming of climate change adaptation into local government’s planning and budgeting systems in a gender responsive and participatory manner. LoCAL supports local governments at the lowest or second lowest tier, which may include small towns of under 600,000 people. It is highly aligned with national policies and planning both in relation to decentralisation policies and CCA.

LoCAL builds on UNCDF’s 20 years of experience in local public financial management. This has involved testing and piloting fiscal transfers to the local level in countries with previously highly centralized administrative systems that did not apply the principles of subsidiarity to their fiscal and political affairs. Some degree of decentralization and intergovernmental fiscal transfer is now present in many of these countries. From the early 2000s, UNCDF built on initial progress to introduce performance-based grants⁷ in many LDCs.

⁷ One result is that central governments and development partners now recognize that there is local efficiency and effectiveness in delivery of services and infrastructure. Evidence for this is the growing number of loans to central governments for local delivery of services that have been designed based on the decentralized public financial management systems promoted by UNCDF with partner governments. Examples include Bangladesh, Cambodia, Mozambique and Uganda. *Financing local adaptation to climate change – Experience from Performance-based Grants*, UNCDF – LoCAL, 2018

A mid-term review of the LoCAL programme period 2014 – 2018 was carried out covering the first three-year period 2014 – 2016. The review considered the whole geographical spectrum of the programme, including its operations in Asia, the Pacific and Africa, as well as all ongoing phases of implementation, analysing both the global programme level and the country level. The mid-term review had several key findings and recommendations which UNCDF LoCAL have been following up on. Some of the key findings and recommendations are mentioned below. *“The evaluation concluded that through LoCAL, UNCDF fills a very relevant and specific niche as a UN agency supporting direct access by least developed countries to international climate finance at the local level”. “LoCAL is also coherent at the local and national levels in countries through a comprehensive and phased approach to building in-country capacity to mainstream CCA in budget planning and investments, building on national processes”.*⁸

Of significant importance for the Danish support, UNCDF LoCAL has followed up on the recommendation from the mid-term review that: *“The LoCAL Board and programme management at global and local levels should increase efforts to significantly strengthen the climate change dimension of the programme.”*⁹ LoCAL global management has taken several steps to enhance the climate adaptation rationale in funded investments through new partnerships, development and rolling out of the “Assessing Climate Change Adaptation Framework (ACCAF)”, with strong emphasis on localized CRA, and streamlining the methodology. UNCDF LoCAL has also further developed and/or entered in different strategic partnerships e.g., World Resources Institute, the NDC Partnership, the Korean Environment Institute and the UN Institute for Training and Research (See annex 2 for more detail).

An evaluation of LoCAL is underway which started in the last quarter of 2021 and is expected to be ready by the end of 2022.

The LoCAL methodology and approach

The goal of LoCAL is to: *Promote climate change–resilient communities and local economies by increasing investments in climate change adaptation at the local level in target countries, thereby contributing to the achievement of the Paris Agreement and the SDGs, particularly the specific goals of poverty eradication (SDG 1) and climate action (SDG 13).*

It has four outputs as shown in the table below with listing of the main results and the cumulative financial execution. LoCAL plans and budget per output. As can be seen about 60% goes to integration in planning and climate adaptive investments.

Output	Main results	Cumulative financial execution (2019-2020)
1. Awareness of and capacities to respond to climate change and related risks at the local level are increased	252 local governments or 87% of local governments actively using the PBCRG system met the minimum conditions for using it without need of corrective measures. 1,563 national and local governments' officials and community representatives have participated in awareness and capacity-building activities on climate change adaptation data usage, planning and budgeting, and investment management with support from LoCAL. Of these, 516 were women.	3.6 Mio USD (14,3%)

⁸ Mid-term evaluation UNCDF’s LoCAL climate adaptive living facility, Baastel, March 2018, p9

⁹ Ibid p12.

<p>2. Climate change adaptation is mainstreamed into government's planning and budgeting systems in a gender sensitive and participatory manner and investments are implemented in line with the PBCRG system</p>	<p>In 2020 LoCAL financed 595 climate change adaptation interventions through PBCRG. The total of small-scale climate-resilient interventions financed by LoCAL since 2014 is 1,686. Roughly 9% of investments were reported to specifically target women, as women accounted for more than 2/3 of direct beneficiaries.</p>	<p>15.2 Mio USD (10.5 as PBCRG) (60,5%)</p>
<p>3. The PBCRG system is effectively and sustainably established in participating countries and leads to an increased amount of climate finance available for locally led adaptation through to local governments</p>	<p>304 local governments were engaged with LoCAL. 95% have been deploying the PBCRG system in 2019 and 2020: Bhutan (100); Bangladesh (72); Cambodia (42); Mozambique (17); 9 in Benin (9); Ghana (9), The Gambia (20), Lesotho (4), Mali (4), Niger (9), Tuvalu (3).</p>	<p>3.4 Mio USD (13,5%)</p>
<p>4. The role of local governments and of the PBCRGs in addressing climate change are increasingly recognized at international level, through outreach, learning and quality assurance</p>	<p>Participation in high-level initiatives, initiating the process for developing LoCAL into an international standard, engaging in partnerships for learning and knowledge sharing</p>	<p>2.9 Mio USD (11,5%)</p>

Table 2: Overview of the financial execution per output and the main results achieved in 2019 – 2020

It is implemented in four stages,

- Design phase aimed at assessing the necessary conditions for deployment of the LoCAL mechanism in the prospective country.
- Phase I consists of initial testing in two to four local governments.
- Phase II takes place in at least 5–10 local governments in a country. It involves collecting lessons and demonstrating the mechanism's effectiveness at a larger scale.
- Phase III is national scale up of LoCAL to cover an increased number of vulnerable local government based on the results of the previous phases and lessons learned.

By the end of 2021, eight countries are in the scoping or design phase in Africa while the others are in phase I or phase II. No country in Africa has entered a national roll-out as phase III requires.

Through LoCAL and the investment menu developed in each country to guide the risk informed local planning, the Danish support will be directed to small scale investments, which are in line with the Danish priorities such a SMART agriculture, water and NBS. The investment menu is a list of common types of interventions or measures within the purview of local authorities which can promote climate resilience and are eligible for UNCDF LoCAL financing. The menu informs the planning process and ensures that proposed measures are relevant to adaptation. To ensure that climate change adaptation is the principal objective of the Danish contribution it will be ensured, that the investment menu of the countries supported by Denmark will only include climate specific and climate smart interventions as described above. LoCAL has, in partnership with the World Resources Institute (WRI), developed the Assessing Climate Change Adaptation Framework (ACCAF), which include five building blocks, to support local governments build a strong climate rationale for the identified adaptation investments. ACCAF help ensure that the adaptation aims of LoCAL are being achieved and serves as a monitoring and evaluation (M&E) framework which focuses on the adaptation aspects of LoCAL

The local government benefits from tailored technical assistance departing from specific and identified gaps and needs, using a range of approaches (e.g. on-the-job learning; trainings; technical assistance; coaching). Climate risk

assessments (CRA) are developed and analyzed together with quantitative and participatory approaches to inform the awareness raising and the subsequent integration of CCA into local plans and budgets and the implementation that follows. Together with the investment menu and the ACCAF, the CRA guarantees that the interventions and investments address climate change adaptation. The participation of local communities and vulnerable groups such as women, youth and minorities in local decision making, implementation and the management of the interventions (e.g. through user groups) foster ownership and future sustainability of the specific interventions and investments and are core in achieving the expected results. LoCAL is aligned with established local decision-making processes and planning and budgeting cycles. Such features form the basis for the identification of interventions that will be funded under LoCAL.

LoCAL gender responsive and participatory engagement processes

LoCAL engages civil society and non-governmental organizations at different stages of implementation of the PBCRG cycle, from participatory and gender-responsive local planning processes, capacity-building support on climate change issues, to implementation and management of climate change adaptation measures. For instance, in Niger, LoCAL organized capacity-building activities targeting elected leaders, community agents and civil society on pest control, on establishing community early warning and emergency response systems, on climate change-related issues and provided training on improved cook-stove production. These sessions covered prioritization methodologies for resilience-building interventions, and considerations related to investment management such as infrastructure operations and maintenance, including how local NGOs and CSOs can support such issues. In Ghana, Mali and Mozambique, LoCAL has entered into agreements with five CSOs to provide complementary support for community engagement across the LoCAL cycle.

With regards to gender issues, the mid-term review found that: “...cross-cutting issues such as gender equality and vulnerable communities are not adequately considered in the programme document. Programme management is taking actions to address this in some countries”¹⁰. Nevertheless, as information was not conclusive on the contribution of LoCAL investments in infrastructure to gender equality, some of them could have inadvertently contributed to this. Based on that finding, LoCAL management has taken several steps to enhance the gender-responsive work.

The tools that LoCAL uses for integrating gender issues are:

- Performance measures, which are assessed annually, include social and gender related indicators. The results against those performance measures influence subsequent grant allocations (which reward best performing local government)
- Climate risk assessments (CRAs) for subnational adaptation and Local Information System for Adaptation include gender-sensitive indicators (e.g. gender equity) and analyse vulnerabilities in depth, together with hazards and exposures.
- Gender analyses and action plans are developed with a view to ensure women's representation in local adaptation planning and reduce gender inequalities in local decision-making (e.g. Mali).
- The ACCAF guides the collection of gender related data at the LLA investment level and contributes to evidence-based data on the role of local government in promoting gender equity.
- Cost-Benefit analyses of local adaptation investments integrate the socio-economic benefits of adaptation and include issues like food security and nutrition which are critical for vulnerable groups like women, children, and the elderly.

Examples of how LoCAL supports gender-responsive local planning processes and adaptation measures	
Globally	At Sida's 2021 <i>Global Learning Event on People and Planet: Gender, Environment</i>

¹⁰ Baastel, p28.

	<i>and Climate in 2030</i> , LoCAL co-led a session on the role of local governments in climate change adaptation and local resilience building. The session highlighted how the LoCAL mechanism can support leveraging the gender-climate nexus for inclusive resilience building.
Africa	LoCAL countries in West Africa have agreed on a Gender Action Plan to strengthen the climate resilience of communities and local economies through improving access to public and private climate finance and constructing locally driven infrastructure that is accessible and benefits the most vulnerable community members, particularly women and youth.
LoCAL The Gambia	LoCAL National Steering Committee has strengthened political buy-in from the government with close coordination and consultation between relevant ministries and agencies and UNCDF. Ministers from agriculture, energy, environment, gender affairs, and fisheries and water resources attend steering committee meetings.
LoCAL Ghana	The climate risk assessment includes gender as cross-cutting issues to inform adaptation measures planning processes.
LoCAL Lesotho	Following a training workshop on climate change mainstreaming and adaptation plans, a participatory planning exercise was undertaken in four community councils in 2021 to integrate climate change in development plans in a participatory and gender sensitive manner.
LoCAL Mali	3 of the 10 investments selected for 2021 involve setting up and equipping market gardening perimeters. These will largely benefit women , who will thereby gain access to productive assets to sustain their livelihoods and make them more resilient.
LoCAL Mozambique	In 2021, a series of district-level workshops were held in the four target provinces on participatory and gender-sensitive planning for climate change adaptation.
LoCAL Uganda	Gender equity is addressed in the Climate Risk and Vulnerability Assessment. Percentage of households headed by women is one of the Key Performance Parameter for the adaptive capacity analysis.

Table 3: Examples of LoCAL gender-responsive approach. Source: LoCAL Annual Report 2021, draft May

2.3 Relations to other partners and actors

The Danish Ministry of Foreign Affairs (MFA) will liaise with the main donors to LoCAL like the EU, Sida and the Belgian Cooperation including through participation in the LoCAL Board and the newly established annual donor coordination meeting (EU/EU MS meeting). During the field visit for the preparation of the Danish support to LoCAL, the MFA had the opportunity to meet with the donors in Mozambique to LoCAL namely Sida, the Belgian Embassy, the EU Delegation and the Swiss Development Cooperation (SDC). These agencies were unanimous in praising the programmes approach and achievements in relation to capacity building of local authorities, the performance-based grants mechanism which install a sense of ownership and competition between local authorities, or the use of government system for channelling funds.

At country level, LoCAL will work in close collaboration with in-country governmental and non-governmental partners, as well as with development partners in particular EU, Sweden, Belgium, other EU Member States and other partners (e.g. World Bank) active in the field of environment, climate change as well as decentralisation. In each country, a national steering or technical committee which comprises lead ministries and government bodies is engaged (if existing) or established. The committee provides strategic and technical oversight and ensures adequate coordination with other development partners. Where it is present, Denmark will be invited to sit on the committee in accordance to their meeting schedule (biannually, quarterly, ad hoc). In countries, where phase II/III is co-financed by another development partner such as Uganda, those partners will also be invited to be member of the committee. LoCAL personal in country will further participate in government or development partner working groups for environment and climate change and for decentralization in accordance to their meeting schedule (quarterly, monthly, ad hoc). Such groups will provide an opportunity to share the experience and build partnerships towards phase II/III. In addition, UNCDF and Denmark will work to ensure links between LoCAL and bilateral programmes to promote synergies and avoid any duplication of activities (e.g. Climate Resilience and Vulnerability Assessment (CRVA), capacity building activities that might benefit a range of local actors, etc). They will further work so learning is shared with programme that utilise similar methodologies like the Financing Locally

led Climate Action Programme (FLLOCA Programme) supported in Kenya by the World Bank (150 million USD of loan finance) Denmark and Sweden. This will avoid duplication of efforts by partners and countries alike. Strategic considerations and Danish interests

2.4 Justification

Local authorities are increasingly seen as key in the promotion of climate change adaptation and in building resilience to climate change at the local level. They are in a unique position to identify the climate change adaptation responses that best meet local needs, and typically are mandated across a range of climate sensitive sectors – e.g. land use and agriculture, water management, irrigation and drainage, and environmental and natural resources management. In addition, they have the legitimacy and convening power to coordinate, co-finance and interact with stakeholders, including national level institutions, civil society bodies, the private sector and various local government departments. Yet, they frequently lack the technical capacity and resources to fulfil this mandate – especially in a way which is aligned with established decision-making processes and public planning and budgeting cycles. LoCAL was designed by UNCDF to address these gaps, helping countries establish and institutionalize performance-based grant climate resilience systems (PBCRGS) in support of local gender-sensitive and participatory climate responses.

The Danish strategy for development cooperation *The World We Share* was launched in June 2021¹¹. The strategy emphasizes that the climate is already changing fast and rising air and sea temperature, droughts, floods and cyclones are already having devastating impacts all over the world with destruction of human lives and socio-economic infrastructure and degradation of ecosystems and biodiversity. Climate change and overexploitation of natural resources will force millions of people to migrate. Climate change is already one of the main drivers of displacement and often, women, girls and marginalised groups are hit hardest. The strategy highlights that *adaptation is the best and cheapest way to prevent and strengthen resilience to climate change, protect biodiversity and create economic opportunities and green jobs.*

On this background, *the World We Share* states that Denmark must: “*Strengthen action to support climate change adaptation, nature, the environment and resilience in the poorest and most vulnerable countries.* This entails that Denmark will *increase support for adaptation to climate change and for building resilience locally before disaster strikes. The activities will be targeted at least developed and vulnerable countries and poor people.*” One of the key priority areas identified is to promote local climate change adaptation, including nature-based solutions that ensure ownership and involvement of vulnerable people and communities in project development and their access to climate finance. Particularly relevant within this area are also these key priorities:

- Ensure new and improved access to water in Africa
- Strengthen biodiversity and promote nature-based solutions
- Support climate-smart agriculture and sustainable food systems.

The support to LoCAL provides significant opportunities for learning and cooperation between LoCAL and Danish bilateral programmes in Africa around locally-led adaptation activities mainly regarding thematic areas related to water access, agriculture and nature-based solutions. The Danish government intends to use the Danish position as a green frontrunner more actively in development assistance to inspire and drive initiatives for climate adaptation and building resilience. The development assistance should have a high level of ambition in its focus on building resilience and create adaptive capacity among the poorest and most vulnerable developing countries. As such, in 2023, at least 60% of the support to climate change should go to climate change adaptation in the least

¹¹ THE WORLD WE SHARE Denmark's Strategy for Development Cooperation, Ministry of Foreign Affairs of Denmark, Danida. In Danish it is *Falles om Verden*.

developed and most vulnerable countries.¹² As part of the formulations process it has been assured, that climate change adaptation is the principal criteria for investments under LoCAL thereby following the three-step approach for adaptation, as suggested in the OECD Rio Markers for Climate Handbook.

The Danish assistance to climate change is programmatic and therefore is customized to the specific reality of the ground applying various approaches and modality and delivered through cooperation and partnerships with multilateral and bilateral partners, the EU, civil society organisations and the private sector. It must have a high level of national ownership based on national strategies and priorities which are aligned to the National Determined Contributions (NDC) and based on the principles of National Adaption Planning (NAP) including gender-sensitivity, inclusiveness, and transparency.

Specifically important in this context is the recognition that climate change adaptation is always context specific. Locally led context specific solutions that consider community knowledge and geographical characteristic as well as include vulnerable groups are owned by the population and society are essential. Harnessing such solutions requires increasing the local community and strengthening the decision-making structures at the local level.

As 22 out of 32 beneficiary countries are in Africa with more joining in 2022, LoCAL fits well with the focus on the African continent in the Danish development strategy. It is also a strength that LoCAL provides a comprehensive methodology of embedding in national and local government, mainstreaming of climate change adaptation in plans and budgets at the local level, channelling of funds through existing fiscal transfer systems and technical capacity building and building of resilience through climate adapted responses. As such it is also in line with the principles of Locally Led Adaptation¹³, which Denmark endorsed ahead of COP26. Moreover, the LoCAL Board has set a vision for the programme to become a standard and recognized country-based mechanism for developing countries in particular the LDCs, SIDS and African Nations, that supports direct access to vertical funds such as the Green Climate Fund (GCF) and the Adaptation Fund (AF). LoCAL has also supported development of Direct Access funding proposals to the GCF and AF and in this way, LoCAL contributes to key Danish priorities in the GCF of ensuring enhanced country ownership and support to direct access entities. Lastly, the Danish support to LoCAL and the mechanism itself is fully aligned with the Danish MFA adaptive management approach focusing on local ownership, continuous learning and coherence between the various development instruments.

An indirect benefit of the LoCAL mechanism is that it contributes to prevent conflict and displacement in the poorest and most vulnerable countries. This is because, *inter alia*, a number of LoCAL countries in Africa, which are amongst the most climate vulnerable countries and currently undergoing social unrests/conflicts, have either expressed interest to engage with LoCAL (e.g. Somalia and Sudan) or are already deploying the mechanism, i.e. Mali, Burkina Faso, Niger and Mozambique. These countries are affected by armed conflict and internally displaced people. By strengthening national and subnational institutions and encouraging performance improvements in areas related to governance and public financial management, LoCAL creates an enabling environment for enhanced public service delivery that will yield positive outcomes for communities and local economies at large, and minimize potential social unrest and conflicts and social instability. In addition, by including participation of different social, ethnic and/or religious groups in local decision making as a performance indicator, LoCAL seeks to reduce potential tensions and conflict among them.

¹² The Government's reform of the Danish Development Aid (2021)

¹³ <https://www.wri.org/initiatives/locally-led-adaptation/principles-locally-led-adaptation>

The Danish support to LoCAL will be financed under the Danish Climate Envelope.¹⁴ The Envelope is managed as an integrated part of Danish development assistance. The support to LoCAL falls under the following support area:

- Impact: Increased climate resilience specifically for vulnerable and marginalised groups.
 - o Outcome: Strengthened national and community-level climate change policies, planning frameworks and information systems.
 - Output: Supporting communities to plan for climate change and hold officials to account.

A justification of the project design against OECD DAC six quality criteria is given in the table below:

Criteria	Justification
Relevance	<p>The project is relevant because: LoCAL contributes to climate change adaptation which is the SDG 13 Climate Action and specifically to</p> <p><u>Target 13.1:</u> Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries,</p> <p><u>Target 13.2:</u> Integrate climate change measures into national policies, strategies and planning (with emphasis on the local planning),</p> <p><u>Target 13.3:</u> Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning,</p> <p><u>Target 13.b:</u> Promote mechanisms for raising capacity for effective climate change-related planning and management in least developed countries and small island developing States, including focusing on women, youth and local and marginalized communities</p> <p><u>Choice of partner:</u> UNCDF fills a very relevant and specific niche as a UN agency supporting direct access by least developed countries to international climate finance at the local level, because 20 out of 30 beneficiary countries are in Africa which fits well with the focus on the African continent in the Danish development strategy <i>The World We Share</i> and because LoCAL provides a comprehensive package of embedding in national and local government, channelling of funds through existing fiscal transfer systems, technical capacity building and building of resilience through climate adapted socioeconomic infrastructure .</p> <p><u>Support modalities:</u> The funds are provided as a grant.</p> <p><u>Capacity and technical assistance:</u> The funds will contribute directly to capacity building of local government and communities institutional strengthening across levels and will also enhance the capacity of LoCAL to deliver climate adapted solutions.</p>
Impact	<p>The project design is justified because it is expected to have an impact on poor rural communities' resilience to climate change and capacity to adapt. It is also expected that local government will have an increased knowledge of adaptation to climate change and on planning, budgeting, and implementing small scale investment that are adapted to climate change. Ultimately, the programme will have a positive impact on climate change adaptation in rural areas, poverty reduction, resilience to natural disasters, sustainable management of natural resources including water resources.</p>
Effectiveness	<p>The project design is justified because it channels funds to an established institution that has proved its efficiency over more than 10 years. It's a learning institution that continuously enhance its capacity through strategic partnerships in particular with research and knowledge institutions.</p>
Efficiency	<p>The project design is justified because it the funds are channelled through a mechanism that has been existing for more than a decade and has been tested in different national and local settings. In this way, the transaction costs are minimized because the structure of LoCAL is already existing.</p>
Coherence	<p>At country level, LoCAL will work in close collaboration with in-country governmental and non-governmental partners, as well as with development partners in particular EU, Sweden, Belgium, other EU Member States and other partners (e.g. World Bank) active in the field of environment, climate change as well as decentralisation. In each country, a national steering or technical committee which comprises lead ministries and government bodies is engaged (if existing) or</p>

¹⁴ As part of the proposal to the Finance Act for 2023 it is suggested that the Climate Envelope is changed to a new account called *Global Green Transition*

	established. The committee provides strategic and technical oversight and ensures adequate coordination with other development partners
Sustainability	The project design is justified from the viewpoint of sustainability because LoCAL has a long-term vision as a programme. Furthermore, LoCAL has assisted at least three institutions to become GCF accredited and has also supported 13 countries in elaboration proposals so that presently there is a pipeline of proposals of 185 Mio USD for GCF and the Adaptation Fund. The Danish support will assist LoCAL in strengthening its climate adaptive investment to build resilience among poor rural and vulnerable communities at the local level.

Table 4: Justification of the project based on the OECD DAC criteria

3 Project Objective and Geographic Focus

The development objective of the development cooperation among the parties is “*Strengthened climate adaptive capacity among poor rural communities and local governments in selected LoCAL countries in Africa.*”

The geographical focus of the Danish support to LoCAL has been determined by: i) the strategic priorities of the Danish support to climate change adaptation; ii) alignment with the current list of countries with expanded partnerships with Denmark; and iii) the preference of UNCDF to maintain a certain flexibility to be able to respond to demands of countries and adapt to the often volatile security situation in which many of the countries find themselves. Moreover, the support is going to different phases in the LoCAL programme from scoping and design to development into the full scaled co-financed phase II/III therefore also influencing the funding intensity of each country.

The geographical focus of Danish contribution to LoCAL can be divided into the following three areas:

(i) Somalia – from design phase to phase I

LoCAL is presently finalizing the scoping phase in Somalia. Based on the preliminary results of this scoping, it is envisaged that LoCAL will support local governments in Somalia with raising the required funds needed for building capacity to addressing the increasing challenges observed of with climate change related impacts through application of the various elements in the LoCAL provision of the incentives to the districts applying the PBCRG mechanism. Phase 1 will include initial testing in applying the LoCAL mechanism and the performance-based grants in two to four local governments. Specific investments may include providing access to drinkable water through climate-resilient water infrastructure and promoting climate-resilient agriculture to contribute towards achieving food and nutrition security.

There is a good match between the thematic focus of the Danish Strategic Country Programme (SCP) for Somalia and the LoCAL objectives of supporting climate change adaptation in local governments in the country. The support to LoCAL will complement the Danish support to peace and stability in Somalia and thereby reduce conflict and displacement of the poorest and most vulnerable. The support to LoCAL Somalia gives the opportunity for Danish support to support Somalia from the design phase and to moving into phase I in the four-year project period.

(ii) Uganda – from phase I to phase II

UNCDF is supporting the Government of Uganda in implementing LoCAL Phase I and to launch PBCRGs. The MoU between Government of Uganda and UNCDF on applying the LoCAL mechanism and the performance-based grants was signed in June 2022. LoCAL has also supported developing an Enhanced Direct Access GCF funding proposal building on the LoCAL model to the Green Climate Fund (GCF). The specific objectives of LoCAL in Uganda are to ensure that climate change adaptation is integrated into district plans and budgets, and that awareness and capacities to respond to climate change adaptation are increased at the central and subnational levels. A key activity will include that local decision makers, in consultation with their communities, can use the

information from the recently developed climate risk assessment to prioritize climate change adaptation actions and investments based on quantified scientific analysis.

A new Danish SCP for Uganda is under formulation. The topic of climate change adaptation is very much in line with Danish priorities in Uganda and there is a need for setting up workable framework for channelling funds to this area. The SCP is likely to focus on non-state actors and a support to LoCAL-Uganda would complement this approach.

There is a scope for Danish support in the first years of implementation to focus on technical assistance and capacity building to local or central governments on evidence-based climate change adaptation planning including local climate data. Gradually support could move to include climate adapted investment through PBCRG grants when this become appropriate and timely as LoCAL-Uganda will transition from phase I to phase II.

(iii) Demand-driven support to advance LoCAL country programs in Africa

Apart from the above single country support, the Danish support will be used in different countries where there is, for different reasons, a particular need to support the LoCAL mechanism deployment and expansion and move from one phase to the next. Such cases may include:

- The countries where climate adaptive investments are in a transition phase towards support from the GCF. These are the cases where LoCAL has assisted governments in elaborating funding proposals for GCF but where these proposals are still under review. Mali, Niger, Burkina Faso and Côte d'Ivoire are part of the joint UNCDF-LoCAL–West African Development Bank (BOAD) funding proposal submitted to GCF in 2020. Benin has also submitted a GCF funding proposal with support from LoCAL while Ghana and The Gambia might transition from in country bilateral support to a diversification of sources of finance including UNFCCC financial mechanisms.
- Several countries have joined LoCAL recently, and new countries might join during the implementation period. In these cases, long-term financing might not have been secured yet and there is a need to conduct scoping exercise and design of the LoCAL mechanism in the concerned countries. At the moment, these countries include Senegal, Guinea Bissau, Tunisia, Sudan, Guinea, Equatorial Guinea, Liberia, Côte d'Ivoire, São Tome e Príncipe and Zambia.

This category gives the opportunity for Denmark to enhance its support to three countries that it already cooperates closely with, namely Mali, Niger, and Burkina Faso. The support can be complementary to the support already given through the Strategic Country Programmes.

4 Theory of change and key assumptions

A figure containing the theory of change with associated key assumptions is included in annex 5. Such assumptions are also presented as risk in the risk management matrix in annex 6 together with their respective mitigation measures.

Communities in Africa, especially rural populations, are particularly vulnerable to climate change because of their high dependence on the availability of natural resources and climate cycles for their income, with a very low capacity to adapt to stress and shocks. Faced with these challenges, local communities and local governments are well placed to understand and address the diversity and complexity of local systems and the realities of communities, to apprehend climate risks in terms of local specificities and to develop solutions, mobilizing stakeholders for locally appropriate interventions. They are however faced with a number of barriers: institutional, technical and financial. Indeed, although the central role of local governments is recognized directly or indirectly through their mandates for a range of sectors sensitive to climate change, such as water management, and land use

planning, they too often lack institutional, technical and financial capacities to play their full role and promote the resilience of local communities and economies. They have little access to the financial resources available to respond to climate change, and when they have climate finance, funds are rarely channelled and deployed through national and local government systems. Main problems to be addressed concern the lack of technical capacities, particularly in terms of access and use of localized climate information to inform local adaptation planning, the inability of local governments and local communities to absorb the additional costs of climate change adaptation and a lack of capacity and funding to support adaptation projects on the ground.

To address these barriers, the project will support the strengthening of the awareness and capacities to respond to climate change adaptation from the local level (output 1). Capacity building support will include national and subnational staff and government officials and communities on climate change adaptation and on integration of both innovative and local/traditional adaptation solutions in the local adaptation plans, underpinned by mapping exercise and studies/ collection of good practices and innovative solutions. LoCAL will further work with local authorities, local communities and vulnerable groups like women and minorities to integrate climate change adaptation into local plans and budgets and ensure local interventions and investments are implemented (output 2). At the onset of each country initiative and in between phases, local authorities' capacities are assessed and a 'baseline' is established to determine the nature and type of awareness raising and capacity building activities required: each local authority benefits from tailored support departing from its specific gaps and needs and using a range of approaches (ex. on-the-job learning; trainings; technical assistance; coaching). In particular, CRVA integrating quantitative and participatory approaches are undertaken and inform the awareness raising and the subsequent integration in local plans and budgets and the implementation that follows. Together with the investment menu, the CRVA guarantee that the interventions and investments address climate change adaptation as the primary objective as described in the OECD Rio Markers for Climate Handbook. The participation of local communities and vulnerable groups like women and minorities in decision making, implementation and the management of the interventions (e.g. through user groups) foster ownership and future sustainability of the specific interventions and investments. In addition to the involvement of communities, sustainability is strengthened by encouraging co-financing from local governments. User charges for investments that can justify contribution from communities for their maintenance will also be explored. As countries and participating local authorities move to phase II and gain experience, the depth and content of the activities are reviewed to match the improved capacities.

The support to local authorities and communities (output 1), the mainstreaming effort and the local investments (output 2) takes place in the context of a national PBCRG system that integrates gender, participation and environmental sustainability (output 3). The PBCRG system is carefully designed before entering phase I. Specific elements include the size of grants and the alignment and use of country systems to ensure the scalability and sustainability of the mechanism. Annual performance assessments (APAs) provide an incentive to performance by informing the subsequent year allocation and inform capacity buildings needs and work plans in each local authority (output 2). Lessons learned inform adjustments to the design of the mechanism before phase II and any policy or regulatory change needed to institutionalise it (phase III). National partners are supported to use the demonstration effort to attract further financial flows for local adaptation, including national fiscal transfers and to work towards direct access to global climate funds (Outcome 1). Experiences and good practices emerging from experience across countries and within countries are documented, shared and applied to ensure quality and work towards standards (output 4). Participating countries are supported to communicate and advocate for their work with local authorities on climate change. They are offered the chance to cooperate in their efforts while ensuring the standards are complied with and interventions and investments funded monitored transparently.

Through these outputs, local governments in selected countries in Africa develop their capacity to access and manage climate finance to implement small scale climate adapted investments (outcome 1). The collective

experience and efforts of countries in Africa is further expected to strengthen LoCAL as an international country-based mechanism that delivers technical institutional and capacity building support and subnational climate finance (through the PBCRG) for effective local adaptation action (outcome 2). These actions aim to promote climate-resilient communities and local economies by increasing investment in climate change adaptation at the local level in target countries, thereby contributing to the achievement of the overall objective; contributing to meet SDG 1 (no poverty) and SDG 13 (climate action).

5 Summary of the results framework

For results-based management, learning and reporting purposes Denmark will base the actual support on progress attained in the implementation of the project/programme as described in the documentation. Progress will be measured through the UNCDF's monitoring framework focusing on a limited number of key outcome(s) and corresponding outputs and their associated indicators. The result matrix is directly based on the LoCAL result framework.

The management structure of the programme will enable monitoring and feedback to be integrated into the programme planning and could enable changes to be made to the programme on needs basis. This is especially relevant given the transition nature of some of the countries being supported and the presence of fragile and conflict affected countries in which the programme will be working. Overall reporting will follow the LoCAL reporting system, but a specific report will be elaborated annually regarding the Danish support. Detailed output-based results framework is included in annex 5.

Programme		Strengthening locally led climate change adaptation in Africa	
Programme Objective		Strengthened climate adaptive capacity among poor rural communities and local governments in selected LoCAL countries in Africa	
Impact Indicator ¹⁵		Number of participating local governments, indirect beneficiaries and participating countries, evidence of climate change adaptation impacts of proposed climate change adaptation investments and interventions in target communities through case studies	
Baseline	Year	2021	322 local governments in 13 countries, accounting for a combined population of over 12.5 million indirect beneficiaries globally.
Target	Year	2026	381 local governments engaged in 30 countries (globally) accounting for a combined population of over 27 million. 226 local governments in Africa in 20 countries accounting for a combined population of over 17 million. At least 3 case studies in Africa.
Outcome 1		Local governments in target countries in Africa have increased access to (international) climate finance to implement CCA investments in target countries	
Outcome indicator ¹⁶		% of local governments accessing and deploying the PBCRG, meeting minimum conditions without needs for corrective action	
Baseline	Year	2021	63% of local governments (at least in the 2nd cycle of PBCRG deployment) (global)
Target	Year	2026	67% of local governments (at least in the 2nd cycle of PBCRG deployment) (global and Africa)
Outcome 2		LoCAL is established in Africa as a standard and an international country-based mechanism that channels climate finance and increase local resilience (through the PBCRG)	
Outcome indicator ¹⁷		Evidence of the institutionalization of the PBCRG system to deliver on local adaptation objectives in participating African countries through case studies	
Baseline	Year	2021	0
Target	Year	2026	At least 3 cases studies in Africa

Table 5: Summary of result framework

¹⁵ Derived from a combination of indicators I.1,I.2, I.3 and R 3.2 in LoCAL global RRF.

¹⁶ Indicator R 1.4 in LoCAL global RRF.

¹⁷ Indicator R.3.4 in LoCAL global RRF.

6 Inputs and budget

The overall budget is 100 million Danish kroner (DKK). Half of this amount has been set aside in Danish Parliament Finance Act for 2022 as part of the development assistance on climate change. Additional 50 million DKK is expected to be committed in 2023 but subject to the Danish Parliament’s approval of the Finance Act for 2023.

Budget line	Amount in DKK
Outcome 1 - Local governments in target countries in Africa have increased access to (international) climate finance to implement CCA investments in target countries	62,200,000
Outcome 2 - LoCAL is established in Africa as a standard and an international country-based mechanism that channels climate finance and increase local resilience (through the PBCRG)	22,100,000
Mid-term review	1,000,000
Danish Secondment	6,400,000
Delivery and levy fee	8,300,000
Total	100,000,000

Table 6: Overall budget

The Danish grant will be spent solely on activities leading to the expected outputs and outcomes as agreed between the parties. The implementing partner is responsible for ensuring that the funds are spent in compliance with the agreement and with due consideration to economy, efficiency and effectiveness in achieving the results intended. Outcome-based budget including key budget assumptions is available in annex 7.

UNCDF may have the discretion to re-allocate between the two outcomes within the overall budget up until maximum 10 %. Any re-allocations beyond this, has to be presented and approved by the MFA. Any re-allocations to budget items for salaries and staff costs must be approved by the MFA.

7 Institutional and management arrangement

The existing institutional and management arrangements for UNCDF’s LoCAL will to a large extent be applied for this project. LoCAL is implemented globally by a Global Facility led by the Global Programme Manager and supported by (Senior) Programme Management Specialists, two Programme Analysts (M&E, Finance and Operations) and Programme Associate. The Global Facility provides advisory and programme management support to LoCAL countries and country teams, staffed with Programme Management Specialists, National Technical Advisors/Coordinators and/or National UN Volunteers deployed as field officers depending on the phase of operations. The Global Facility reports to the LoCAL Global Board, which is co-chaired by the Chair of the LDCs to the UN and of UNFCCC, as well as the UNCDF Director of Local Development Finance and comprised of representatives of the Governments that are members of LoCAL, as well as observer organizations.

LoCAL is implemented through MoUs with the participating countries, which detail the specific activities to be carried out in each country and includes the financing of the PBCRG. Operational costs in each country are financed separately through LoAs. The National Implementing Partner (designated Ministry or Agency) is responsible for the implementation of the MoUs and LoAs, with LoCAL technical support. The LoCAL Facility, with support from country teams, oversees the implementation of MoUs and LoAs in each participating country. The MoU deals with the transfer of capital support to government for PBCRG. These are usually large payments to the appropriate ministry destined for fiscal transfers to local governments, according to the rules and regulations of capital grants as specified in UNCDF’s operational manual and the design document of the specific LoCAL country mechanism. The LoA deals with the transfer of operational support to one or more government agencies. These transfers require reporting according to standard UNCDF procedures.

The global LoCAL Facility programme management specialists and analysts oversee the implementation of the MoUs and LoAs in each participating country and report to the Global Manager. The LoCAL Global Management will prepare yearly progress and financial reports to the Department of Green Diplomacy and Climate of the Danish Ministry of Foreign Affairs. Through the Danish participation in the Board which meets once year, there is an established channel for dialogue and timely decision making. The Danish support to LoCAL will have a specific focus on learning through specific studies and research on climate change adaptation technologies which will benefit the countries and learning through M&E which will be disseminated globally.

UNDP procedures apply in relation prevention and addressing matters of human rights, child labor, SEAH (Sexual exploitation, abuse and harassment), and anti-terrorism.

The global LoCAL Facility will be responsible for overseeing the monitoring of progress against the programme outputs/results. It will ensure the quality of process against defined processes with its internal M&E capacity. Monitoring will be done a country-by-country basis, with results collated at the global level. Each participating country will develop a results framework with outputs and activities, with corresponding indicators and targets, which is aligned with the global RRF. Country reporting will be done against the country RRF, with quality assurance of the data collected (and reports produced) undertaken by the global LoCAL Facility.

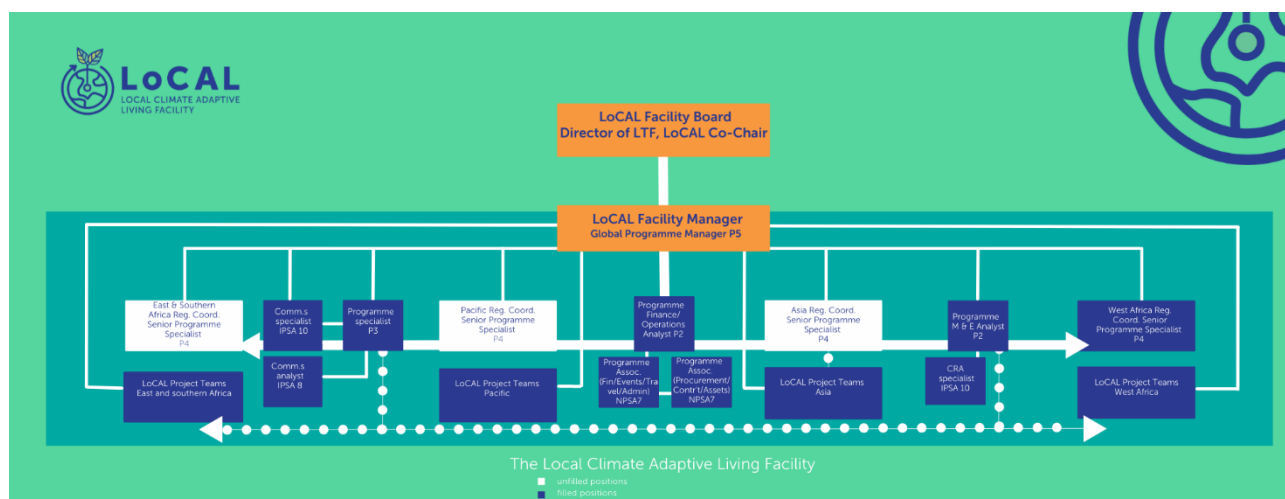


Figure 2: LoCAL organigram as of end 2021

Monitoring

LoCAL has three main layers for monitoring and results management:

- LoCAL Results Framework monitors results versus targets at the global LoCAL Facility level. The LoCAL Facility, with support from country offices, ensure annual monitoring and reporting on indicators.
- At the country level, LoCAL country programmes have, most of the time, their own results frameworks, which are aligned to LoCAL Global Results Framework but may include additional result areas (e.g., green jobs, women economic empowerment, etc.) based on contexts for LoCAL deployment and donor priorities. In country teams, with support and quality assurance by the LoCAL Facility, regular monitoring and annual reporting.
- At the local/investment level, the ‘Assessing Climate Change Adaptation Framework’ (ACCAF) guides the planning and monitoring of the adaptation dimension of the PBCRG-financed investments. The ACCAF feeds into the Global Results Framework (investment level) and it is aligned to LoCAL design, supporting the countries and the Facility to assess the mainstreaming of the adaptation dimension throughout LoCAL implementation. Partner local governments with support and quality assurance by country offices and the

LoCAL Facility ensure annual monitoring and reporting on the ACCAF. The ACCAF will allow for reporting of investments according to a series of key variables which includes sectors, ecosystems, country and local governments among others. As part of the programme a tagging for nature-based solutions will further be introduced. The ACCAF will therefore allow to report to the priority focus areas of the support from Denmark in terms of interventions financed on the ground.

At both global and country programme/project level, UNCDF/LoCAL is commissioning in some cases independent evaluations as well as thematic research reviews.

The global LoCAL Facility is responsible for capturing lessons and good practices, and developing learning materials for distribution among participating governments, and between local governments experiencing similar climate risks and vulnerabilities.

Since 2010, UNCDF has been applying a common evaluation framework (SPIRE) for its project and programme evaluations. “SPIRE” stands for **Special Project Implementation Review Exercise** and has three purposes:

- To ensure UNCDF’s compliance with the mandatory requirements specified in its evaluation policy agreed with its Executive Board,
- To yield credible, effective and independent assessments of results to donors, UNCDF and global audience,
- To connect country programme evaluations with UNCDF’S corporate strategy thereby enabling cross-country comparison and the tracking of progress towards global objectives.

In line with best practice elsewhere in the UN, the evaluation process is intended to be as participatory as possible with Practice Area colleagues, Development Partners and national counterparts being invited to participate in agreeing the specific focus of the evaluation and then – when relevant – participating as members of Advisory Groups once the evaluation has started. This is intended to build ownership of evaluation findings and improve the relevance, credibility and utility of the final evaluation report.

The Danish MFA shall have the right to carry out any technical or financial supervision mission that is considered necessary to monitor the implementation of the project/programme. After the completion of the project/programme support, the evaluation, learning and quality department of the Danish Ministry of Foreign Affairs reserves the right to carry out evaluations in accordance with this article.

A Danish led Mid-Term Review (or joint Donor review) of the programme will be completed tentatively scheduled for first half of 2024. A specific focus of the Mid-term Review will be the use and reporting of the flexible budget for Africa included assessing the need to reallocate funds between the four outputs.

The project is planning a Danish secondment to lead on the effective delivery of the project’s activities in selected countries in eastern and southern Africa including Uganda and Somalia. The secondment will undertake the following functions: programme management; policy, regulatory and technical advice to government counterparts and key stakeholders; networking and partnership building; team management; and knowledge management and communication. In addition, the secondment will seek synergies with DK-funded bilateral programmes in Africa and around climate change adaptation. As such, the secondment will play a key role in contributing to strengthening programme management, monitoring and evaluation and at the same time enable specific opportunities around learning and knowledge exchange from implementation of LoCAL on a key Danish priority theme regarding locally-led adaptation (See annex 4 for draft ToR for this position).

8 Financial Management, planning and reporting

The LoCAL programme is implemented under the Direct Execution/Implementation (DEX/DIM) modality, as per UNDP POPP. This implementation modality gives full responsibility to UNCDF for project implementation.

UNCDF will programme the funds and manage the activities specified in the Resources and Result Framework (RRF) of each global programme document in line with its established rules and regulations. The administration of this programme shall be governed by UNCDF's policies, rules and regulations, as stated in the UNCDF's Operations Manual (OM). UNCDF's Financial Regulations and Rules, consisting of the [UNDP Financial Rules and Regulations \(FRR\)](#) as adjusted by Annex III to the FRR, and the UNCDF Internal Control Framework (ICF) underpin all prescriptive content.

Procurement is an important function to ensure that UNCDF meets its organizational goals. While Procurement is a support function for the organization, it is nevertheless a core function and critical to enhancing programme/project delivery. UNCDF does not conduct procurement in isolation, but rather as part of the process of achieving development project outcomes. Therefore, all UNCDF procurement activities are framed in the context of UNCDF programmes and projects.

Procurement managerial disciplines are as follows:

- Procurement Risk Management
- Procurement Strategies Development
- Procurement Planning

Procurement in UNCDF is guided by the following principles:

- Best Value for Money
- Fairness, Integrity and Transparency
- Effective Competition
- Interest to UNCDF
- Work planning
- Narrative progress reports and financial reports

Procurement is a key area where UNCDF, as a public service organization, interacts financially with the private sector. As such, it is a prime area for fraudulent and corrupt practices. Please refer to the [UNDP Policy against Fraud and other Corrupt Practices](#) to understand better the nature of fraud and UNCDF response. The potential damage relating to fraudulent and corrupt practices extends well beyond financial losses. Fraud and corruption pose serious threats to the ability of UNCDF to achieve its operational objectives. They can hamper implementation of programmes and projects. Moreover, there is a serious risk that the very credibility of UNCDF, as a trusted, efficient and effective partner is at stake.

Results reporting

Donor reports are prepared according to the agreement signed with the donor. UNCDF is accountable for ensuring that donor reports are prepared per expected quality, frequency and timeliness. If information in the programme progress report is not detailed or sufficient enough, then a reporting format should be agreed at the time of signing the contribution agreement. LoCAL's standard annual report should be used if no donor-specific format is required. The support from Denmark is reported using a similar format as the annual global report, however focused on Africa and with a specific thematic focus on support related to water, agriculture and nature-based solutions. To this end, the ACCAF which allows for reporting of investments according to sectors will also introduce a tagging for nature-based solutions. It will be further supplemented by a number of (case) studies linked to the priority focus areas of the support from Denmark. External reports always need to follow LoCAL/UNCDF's branding standards and will be uploaded on the programme dedicated website.

Annual Work Planning (AWP)

The AWP translates the RRF agreed to in the Project Document into actionable reality. It is both the primary vehicle for tracking financial expenditure and a powerful management tool for connecting all aspects of project implementation, including monitoring, reporting, evaluation, audit, and so on. The quality of the AWP exercise is very important. Clear and well-thought through AWP are the means by which UNCDF allocates annual Authorized Spending Limits (ASLs) for each project. A solid budgeting process at the beginning of the year is crucial for achieving year-end expenditure targets and management assesses the implementation of AWP at mid-year. Ambitious but achievable AWP are one of the most important elements in overall UNCDF corporate planning, and the quality of the AWP process will directly affect overall corporate performance. As it relates to the flexible part of Denmark's support, UNCDF will engage Denmark directly in dialogue through an online meeting at the time of preparing the AWP for Africa, well ahead of circulation of the AWP to the LoCAL Board.

Financial reporting

Atlas (UNCDF/UNDP ERP)¹⁸ is the source of data used for financial reporting purposes. Atlas allows for reporting inter alia by country and outputs. Danish funds as well as funds earmarked for Uganda and Somalia can therefore be reported financially separately. A more detailed standard donor report, vertical fund report format or other donor report format may be completed when required according to the pre-agreed terms with donors. More information may be included if requested by the LoCAL Board. With regards to grant reporting, detailed reporting on grants and quality assurance requirements are defined in the MoU or LoA signed with governments.

Accounting and auditing

The Project will be audited in line with the rules and regulations of UNDP/UNCDF at the global level, and country-based audits will align with UNDP/UNCDF and national audit regulations. As the project will be implemented under UNCDF Direct Implementation Modality (DIM), the single audit principle will be applied for the financial audit applied to the Direct Implementation expenses, incurred by UNCDF directly.

UNCDF will implement the following financial control processes:

- Periodic spot check reviews of the financial records. These will be conducted and documented on a routine basis, or when warranted due to concerns over the functioning of internal controls.
- Programmatic monitoring of activities supported by grants—following UNCDF standards and guidance for site visits and field monitoring.

Scheduled Audit: Following the single audit principle, UNCDF projects are audited regularly, and the audit findings are reported to the UNCDF Executive Board. The audit of projects provides UNCDF with assurance that resources are used to achieve the results described in the Project Document and that UNCDF resources are adequately safeguarded.

9 Risk Management

The risk management matrix included in Annex 6 divides the identified risks in contextual, programmatic and institutional risks. An assessment of the risks identified in the risk matrix will be carried on a regular basis and a summary will be included in the annual report that LoCAL will submit to the Ministry of Foreign Affairs.

As LoCAL operates in country that are fragile and often conflict affected and very vulnerable to climate change, there are a number of risks related to political economy issues, insecurity and conflict and climate induced disasters. These risks are beyond control of UNCDF LoCAL but the programme has mechanisms in place to reduce these risks. There are also programmatic risks related to varying political priorities of the governments, overstretching

¹⁸ This will be replaced by Quantum as of July 2022

of staff etc. LoCAL has mechanism and measures in place to reduce the impact of these risks to an acceptable level which is minor or insignificant. In relation to institutional risks these are related to low technical and organisational capacity of central and local government institutions, practices of corruption and mismanagement and low maintenance of the investments carried out. Although, not all impacts can be avoided the measures listed when rigorously implemented reduce substantially the impact.

Key risks include: 1) Security situation in some countries will hinder the implementation of LoCAL, 2) Data and information for carrying out localized CRVA are limited or difficult to access, and 3) Adequate adaptation solutions are poorly developed for project relevant sectors.

10 Closure

Through LoCAL and as mentioned previously, funds worth over 125 million dollars¹⁹ have been mobilized under LoCAL to date, mostly from EU, Sweden, Belgium and key other partners. The scale of LoCAL demonstrates that systems are or can be put in place to deliver funds to the local level. While international donors provide the bulk of the funds, an estimated 25% of committed resources come from the countries themselves – a reflection of the country-level support for the LoCAL mechanism. LoCAL is also supporting National and Regional Accredited Entities across 14 countries in Africa, Asia and Pacific to access the Adaptation Fund (AF) and GCF funding for a pipeline of approximately 175 million dollars contributing to longer-term financial sustainability.

To meet demand from countries wanting to channel adaptation finance to the sub-national level, the LoCAL Board recently agreed²⁰ to build LoCAL into a 500 million dollars mechanism by 2027. Dialogue is on going at global, regional and country level with partners which include AfDB, Belgium, Canada, GIZ/KfW, EU, Norway, Sweden, and Switzerland.

While the target of half a billion dollars remains far below the amount of finance needed for (local) adaptation in the developing world, the countries' ambition for LoCAL is a reflection of their commitment to the approach and eagerness for adaptation to be given the finance it warrants – and to be delivered as close as possible to the communities that need it most.

Danish support to UNCDF LoCAL could be extended into future phases depending on performance of the LoCAL programme and a continuation of the strong strategic focus on locally-led adaptation from the Danish Government. This should be decided after the mid-term review tentatively scheduled for first half of 2024 and be included in the process for the development of the proposal to the Danish Finance Act for 2025.

Depending on the decision at that time, an exit strategy will be prepared taking into consideration how structures, policies and partner activities will be able to continue without external assistance or assistance from Denmark. It will also include a timeframe of the formal closure consisting of three steps:

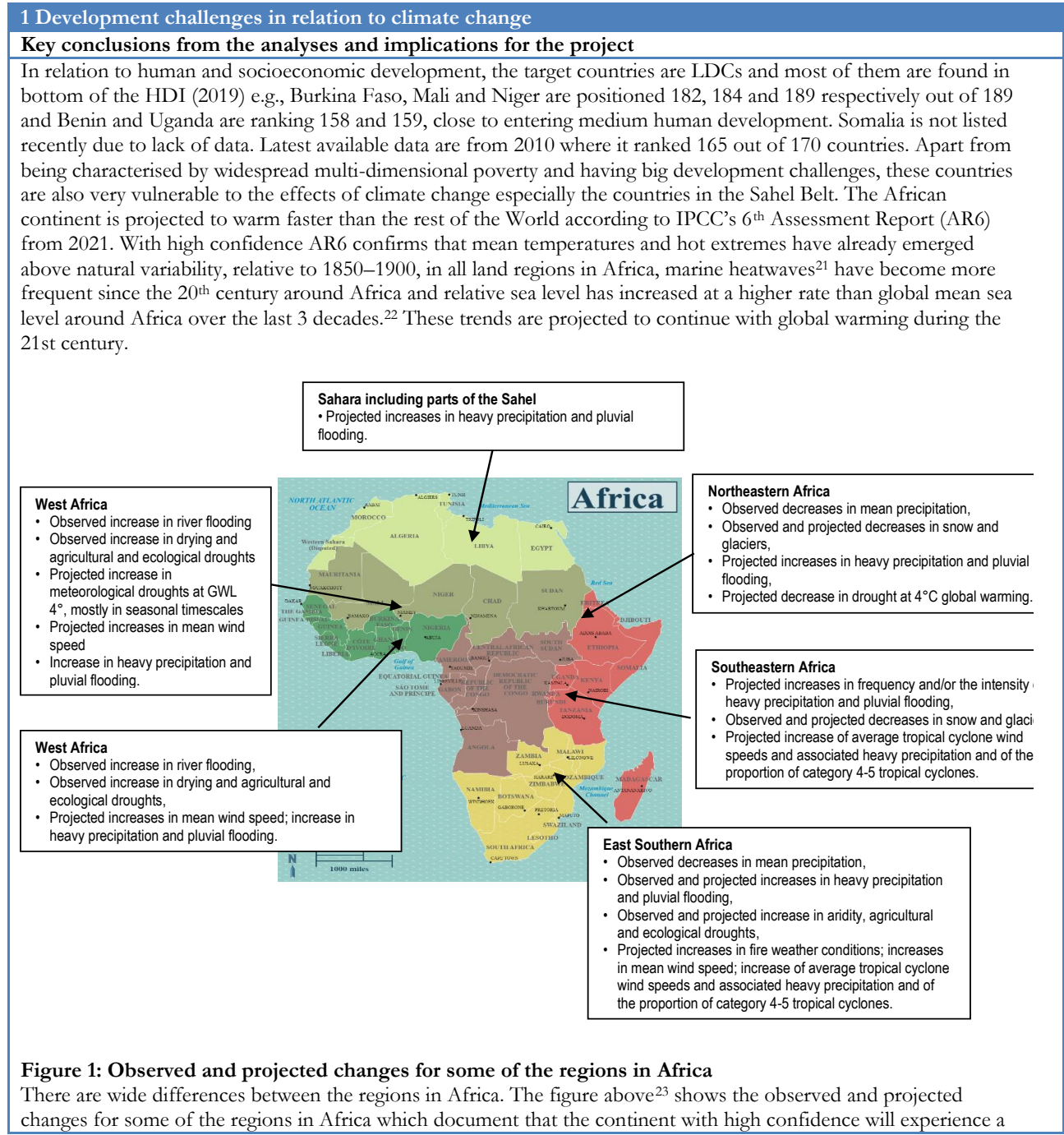
- Implementing partner's final report
- Responsible unit's final results report (FRR)
- Closure of accounts: final audit, return of unspent funds and accrued interest and administrative closure by reversing remaining provision.

¹⁹ Funding totals are typically calculated in US\$, with LoCAL mobilising over US\$ 125 million to date.

²⁰ The LoCAL Annual Board 2022 took place in Brussels on the 11 May 2022, and included strategy and budget planning for the upcoming five years.

Annexes

Annex 1: Context analysis



²¹ Due to increased greenhouse gas emissions, extended periods of extreme warming in seas and oceans have increased in frequency by 50% in the past 10 years and are becoming more severe. These Marine Heat Waves (MHWs) threaten marine biodiversity and ecosystems, make extreme weather more likely, and negatively impact the fisheries, aquaculture and tourism industries

²² 6th Assessment Report Working Group I – The Physical Science Basis Regional Fact Sheet – Africa, IPCC, WMO, UNEP

²³ Adapted from the Regional Fact Sheet Africa, IPCC.

wide set of dramatic changes in the climate. The regional changes are presented for the mid- 21st century for a global warming of at least 2°C. All statements are related to changes with least medium and high confidence. This means that there can be many more changes but that sciences cannot yet confirm these changes with medium or high confidence. These wide differences highlight the need for a flexible approach to adaptation that considers the regional and local observed and projected changes and the capacity to apply adaptation solutions.

Countries in Africa are in general more vulnerable to climate change due to a lower capacity to adapt. The multi-dimensional poverty means that questions of development and climate change adaptation are often intertwined. Poverty and low adaptive capacity can also mean that even in the rare cases where climate change could give some advantages i.e., increased precipitation, it can be difficult to explore such opportunities. The Danish support to LoCAL will particularly focus on Somalia and Uganda but also other LoCAL countries on a demand-driven basis. This support It is expected that these other countries will be predominantly Benin, Burkina Faso, Mali, and Niger.

Somalia is generally arid and semi-arid with two seasonal rainfall seasons. Annual mean temperature is close to 30°C throughout the country. Droughts and erratic and low rainfall are dominant in Somalia and prolonged droughts, heat waves and sea level rise due to climate change are predicted to impact heavily on the country. Floods in the south along the rivers are frequent. It is reported that the climate change-related droughts, intermittent floods, and desert locust infestation results in loss of livestock and agricultural production which account for more than 70% of the GDP while employing millions directly and indirectly. Deforestation has also led to land degradation and greatly contributed to environmental degradation which has been linked to frequent incidences of drought over the years.

Somalia has experienced significant progress in the past years in terms of state-building and institutional and economic reforms but faces varying challenges, in particular related to instability that is widespread is disrupting the institutional set-up. Many local governments in the country lack the required institutional capacity to implement and many others cannot be accessed. Thus, the LoCAL design will consider accessibility, security, and availability of the requisite institutional capacities in selection of the beneficiary districts.

Uganda's National Adaptation Programme of Action cites an average temperature increase of 0.28°C per decade in the country between 1960 and 2010. Changes in rainfall patterns have also been observed, with decreasing and more unreliable rainfalls, as well as increased incidence of drought events. Floods occur with some frequency in different parts of Uganda and droughts especially in the Northern part. It is ranked 166 out of 181 countries on the Notre Dame Global Adaptation Initiative index for vulnerability and readiness for climate change adaptation, meaning that it is very vulnerable. These changes are foreseen to be more pronounced with the accelerated onset of climate change. The high level of vulnerability is linked to the profound multi-dimensional poverty and inequality in the country which significantly decreases the capacity to adapt.

Changes in rainfall patterns and total annual rainfall amounts are expected, but these are less certain than increase in temperature. Uganda's climate may become wetter on average, and the increase in rainfall may be unevenly distributed and manifest as more extreme or more frequent periods of intense rainfall. Changes in temperature, regardless of rainfall, are likely to have significant implications for water resources, food security, natural resource management, human health, settlements and infrastructure.

Uganda has made significant progress in reducing poverty over the past two decades. The proportion of households living on below one USD per day declined from 56.4 % in 1993 to 21.4% in 2016/17. Progress on social indicators has been mixed, though. After two decades of formidable gains, poverty reduction has stalled in the four years to the 2016/17 household survey.²⁴

In **Mali** two thirds of the land which is arid or semi-arid. The subsoil is rich in important mineral deposits. An increase of 0.7°C was recorded between 1960 and 2006 and an increase of between 1.2 and 3.6°C is expected by 2060. The average population increase of 3.6 per cent on average, coupled with climate constraints, is leading to an overexploitation of natural resources and makes it difficult to replenish them. Dust from the Sahara, bush and domestic fires and waste incineration affect air quality in cities.

In **Niger**, the decline in agricultural productivity, the increasingly difficult practice of livestock rearing and the disruption of the itineraries of crop farmers and livestock farmers are direct consequences of climate change. Several factors in **Niger** contribute to exacerbate the effect of climate change such as the very high population growth and migratory flows through the country. Together these tend to increase food insecurity, malnutrition, overexploitation

²⁴ IMF mission in May 2019 (From LoCAL Uganda Design Note)

of natural resources and the conflict potential between livestock farmers and crop farmers and migrating pastoralists versus sedentary peasants.

Climate change impacts on socioeconomic development in Africa in a multitude of ways which in fact are far from fully understood i.e., in relation to impact in the health sector and on nature and biodiversity both on land and in the sea. The impacts of more frequent natural disasters are very visible, and part form the immediate loss of human life and assets, also sets back the economic development. New investment have to be done both private and public just to reach the pre-disaster situation.

The expected impact of climate change in **Benin**, especially the projected rise in temperature and rainfall is likely to compound the challenges already faced by the agriculture and forestry sectors, while the coastal areas will experience a sharp rise in sea level. The latter will threaten the people living along the coast where both income and population density is higher.

In **Burkina Faso** climate change will lead to an increase in temperature and a decrease in rainfall with strong spatial and temporal variability, resulting in alternating droughts and heavy rainfall.

Local governments in the African countries cooperating with LoCAL are all in rural areas where both women and men are heavily dependent on **natural resources**. The communities are vulnerable both to the effects of climate change and other changes that will affect the state of and access to natural resources. Many of the local conflicts especially in the Sahel region²⁵ stem from the competition on the use of and access to these resources i.e., conflicts between peasants and pastoralists. Further desertification and acceleration of climate change will affect the availability of water, fertile soil and pasture and increase conflict potential. The LoCAL initiatives will not affect the access to natural resources but intend to have a positive impact on the use of natural resources by introducing SMART agriculture, increase access to water and other climate change adaption initiatives. The Danish support will particularly focus on combining gender responsive solutions that address water, agriculture, and nature.

The approach of LoCAL in relation to environment, is that the measures that are beneficial for both climate change adaptation and protecting biodiversity will be integrated in the investment menu. Performance measures that incentivize the inclusion of environmental considerations in the selection and design of investments are further included in the LoCAL design. In addition, because LoCAL is aligned with existing country systems, applicable legal provisions for Environmental and Social Impact Assessments are also complied with.

List the key documentation and sources used for the analysis

- 2020 Human Development Index Statistical annex

Additional studies/analytic work needed

- As part of Outcome 2, 3 case studies on climate change adaptation including best practices on water, agriculture and nature-based solutions will be elaborated.

2 Political economy including fragility and risk of conflict

Summarise key conclusions from the analyses and implications for the strategic frameworks/programs/projects regarding each of the following points

Of the countries expected to benefit from Danish support, **Benin** and **Uganda** are the most stable with strongest institutional capacity while Somalia is in the process of rebuilding its state structure after decades of warfare. **Mali** and **Burkina Faso** are affected by armed conflict which influences the LoCAL work in some areas.

The Federal Government of **Somalia** was established in 2012 under the current provisional Federal Constitution, following the end of the Transitional Federal Government. There are six federal member states and Banadir Regional Administration (BRA) which form the Federal government²⁶. The northern Somaliland and Puntland are the most stable.

In May 2022 Somalia ended a prolonged election process relatively peaceful with the hand over of power to the elected President. This was a milestone in the development towards stability and peace. Meanwhile, Al-Shabaab still has control of large rural areas and continues launching attacks. Tensions within member states could rise further with elections concluded. Communities that put grievances on hold pending the election completion may now be impatient for the new government to address their complaints and could grow frustrated absent progress. As Somalia has been at war and

²⁵ Burkina Faso, Mali, Niger, Somalia and the parts of northern Benin and Uganda.

²⁶ Somaliland, Puntland, Galmudug, Hirshabelle, Banadir Regional Administration (Mogadishu Municipality), Southwest State and Jubaland.

fragmented for several decades there is limited availability of updated information about development and socio-economic conditions.

Burkina Faso experienced a period of relative stability and good economic growth until 2019 despite climate change and deteriorating security situation. In 2019, Burkina Faso suffered more jihadist attacks than any other Sahelian country.²⁷ In 2020 elections were held as planned and the incumbent Presidential Kaboré was elected. However, in January a military coup deposed the President. ECOWAS and African Union suspended Burkina Faso's membership in the aftermath of the coup. A military government was installed. The military coup on the governance situation and the jihadist attacks deepens the fragile state of the country and it remains to be seen how this will affect the governance capacity both at central and local level.

In the last two years the northern part of the Tillabery province of **Niger** bordering Mali has been affected by attacks by from jihadist groups. Recently this violence has reignited conflict between semi-nomadic herders and sedentary farmers. The jihadist group relies primarily on people from semi-nomadic communities as recruits²⁸. LoCAL support has so far focused on the Dosso and Zinder regions which are bordering with Nigeria to the south and therefore at some distance to the conflict affected areas.

Uganda has stronger institutions and is stable, but it's a country where corruption is perceived to be high. Therefore, it's important to strike a balance between the consolidation of the function of the elements in the LoCAL mechanism i.e., transfers through existing PFM systems and expanding to work with new local government. President Museveni and his party has been in power since 1986.

Benin is a stable democracy. In terms of risks, mounting security threats from the Sahel region could widen geographic inequalities between the rural north and the rest of the country and the effects of climate change could affect in the economic development.

An assessment of key partners and stakeholders primarily LoCAL in included in Annex 2 Partner Assessment and Annex 5 on geographic focus.

Key documentation and sources used for the analysis

CrisisWatch Digest May 2022, www.crisisgroup.org

The World Bank Country Overview

3 Gender and youth

Key conclusions from the analyses and implications for the programme

Climate change has a greater impact on those sections of the population that are most reliant on natural resources for their livelihoods and/or who have the least capacity to respond to natural hazards, such as droughts, landslides, floods and hurricanes. Women commonly face higher risks and greater burdens from the impacts of climate change in situations of poverty, and the majority of the world's poor are women. Women's unequal participation in decision-making processes and labour markets compound inequalities and often prevent women from fully contributing to climate-related planning, policymaking, and implementation. The table below on gender equality shows that Uganda has the best rank on gender equality while the others have a higher level of gender inequality.

LoCAL considers specific vulnerabilities of women in climate risk analysis, promotes the active participation of women in decision-making processes and structures as well as in the implementation and management of investments e.g., the investment menus include activities specifically targeting women and girls. Related to this, the performance assessment of local governments includes gender and participation indicators, and these inform subsequent grant allocations. (See more details in Annex 2).

²⁷ International Crisis Group

²⁸ <https://www.crisisgroup.org/africa/sahel/niger>

Country	Gender Equality Index (GII) ²⁹ (2019)	
Benin	0,612	<p>Of the target countries Burkina Faso, Mali and Niger have developed a gender action plan with support from LoCAL and in Uganda gender is considered in the CRVA. In Somalia gender will be considered in the design of the support. In Uganda the government has made gender a key strategic area in the National Climate Change Policy.</p> <p>Youth in rural areas in Africa are particularly vulnerable because of a very narrow set of livelihood opportunities e.g., in subsistence agriculture and few opportunities for paid jobs either because of low or no education or because paid jobs are few in poor rural areas. For young women there is a high risk of early pregnancies increasing their vulnerability because of health risks, food insecurity, malnutrition, and interruption of education.</p>
Burkina Faso	0,594	
Mali	0,671	
Niger	0,642	
Somalia	N.A.	
Uganda	0,535	
Switzerland	0,025	

Young men have shown to be susceptible to radicalisation and joining insurgent groups in countries like Mali, Burkina Faso, Niger, Somalia.

Through the LoCAL mechanism and the climate change adapted investments there are opportunities to involve the youth and create job opportunities. In 2021 in Mali, 200 community representatives were sensitized on and exposed to issues related to climate change and natural resource-induced intercommunal conflicts and on locally led measures that could be put in place to prevent them. 70% of the participants were women and youth. Also, in Mali cash-for-work schemes were organised to do land restoration and rehabilitate boreholes involving 363 community members, mostly women and youth.

Key documentation and sources used for the analysis

Unfccc.int/gender/introduction to gender and climate change
 LoCAL Annual Report 2021
 Gender Equality Index (GII)

4 Capacity of local and central government on climate change adaptation and public financial management

Key conclusions and implications for the projects

LoCAL supports directly capacity building of the public sector in LDC countries and is particularly focusing on PFM. Being LDC's many of the countries receiving support from LoCAL including the ones targeted with the Danish support have weak capacity of the public sector which is exacerbated by instability or armed conflict in countries like Somalia, Mali, Burkina Faso and Niger. In general, the legislation and the strategic documents are in place in these countries, but the implementation is lacking behind and several institutions, especially at the local level have limited technical, human, and financial capacity.

As LoCAL is particularly aimed at strengthening the capacity of government institutions particularly at the local level, these weaknesses are addressed also in relation to PFM. LoCAL is operationalised at the local level and poor and vulnerable communities are included in all steps of the LoCAL mechanism. There are therefore, no groups that would be excluded systematically, although it should be considered that some cultural and social aspects in the different countries might be less open for inclusion of some groups based on i.e., ethnicity, gender, or literacy.

Somalia depends on customary laws and practice and Sharia laws on governance systems, especially concerning the use of and access to resources, land use practices (including charcoal management), and broader conflict resolution. Despite the Somali government's commitment towards effective climate action and environmental protection, the country's environmental governance remains weak. In 2020, the Government of Somalia approved the National climate change policy, and it also updated its NDC which includes both mitigation and adaptation. Decentralization is one of the guiding principles ensuring that actions are implemented at the regional and local government levels. The Somali National Disaster Management Policy aims to strengthen community resilience and preparedness for disasters and emergencies. The country also has a Recovery and Resilience Framework (RRF) which supports recovery from drought to build longer-term resilience and disaster preparedness. At state level, Somaliland has the strongest strategy and policy framework while this is weaker or non-existent in the other states. The institutional structure is not yet developed as envisaged in the strategy documents and institutions both at central and decentralised level remain weak with sometimes unclear mandates in the areas of climate change and natural resource management.

²⁹ GII is a composite metric of gender inequality using three dimensions: reproductive health, empowerment and the labour market. A low GII value indicates low inequality between women and men

Supporting Somalia is seriously risky on many fronts because of the instability, the very low capacity of the newly (re)established institutions, the high vulnerability to climate change. On the other hand, there are opportunities of supporting the new governments and local governments in moving away from the rock bottom level on all indications to a steadier development towards resilience and peace.

The National Climate Change Policy (NCCP-2015) is Uganda's integrated response to climate change and has been prepared and designed within the context of the country's vision and national development priorities. Agriculture and livestock, water and nature-based adaptation are priority areas in the policy. The institutional mandates are clearly set through the Climate Change Bill. The NCCP puts strong emphasis on the role of local government on climate change. Thus, LoCAL fits well with the strategic priorities of the Government of Uganda on climate change and decentralisation. A major challenge faced by the Government of Uganda is the need to better coordinate the activities of the many institutions also at the local level that have stakes in climate change adaptation. It is also a challenge to improve government capacity at national and sub-national levels and across sectors to deliver agricultural services, improve the management of natural resources, and promote alternative livelihoods for farming households. The Government of Uganda has created new districts in recent years. The risk of further fragmenting and stretching the already stretched staff and funding capacity is considered as high. Pilot districts have been selected in areas where there is very low risk of changing in structure and capacity development is delivered continuously.

Mali submitted its updated NDC in 2021 based on the key policy and strategy documents³⁰ and the INDC prepared for COP21 in Paris. The National Climate Change Committee³¹ supports the government on policy formulation. The Agency for Environment and Sustainable Development³² (AEDD) created in 2011 is the responsible for coordination with various stakeholders including donor agencies and for monitoring and evaluation of the climate change strategies. On decentralisation Mali is pursuing a strategy of decentralisation which is seen as appropriate scale for ensuring consistent socioeconomic development in Mali and the relevant level for managing the balance between territories, enhancing the resources and potential of local governments. The allocations and transfers of LoCAL are not recorded in the communal budgets and accounts. This needs to be addressed entering phase II.

Niger submitted its updated NDC in 2021. It was based on the INDC and National Strategy and Action Plan on Climate Change and Variability³³ from 2003. A policy was drafted in 2013. Its strategy is based on sustainable land management, climate-smart agriculture, and access to modern energy services for all by 2030. Decentralization in Niger is a principle enshrined in the Constitution. The country is composed of 255 communes in seven regions, all administered by elected bodies. The 2018–2021 Four-Year Plan foresees transfer of competences and resources from the State to the communes and regions in the fields of education, health, water and the environment. With support from UNCDF, the communes and deconcentrated services have been able to positioning themselves as decision makers and stakeholders in their development.³⁴ The allocations and transfers of LoCAL are well recorded in the budgets and communal accounts. The participatory processes are well established although participation of women and youth could be secured in a more structured way. Experience shows that the climate change adaptation investment menu needs to be revised to go away from conventional techniques to consider new techniques and technologies and modernize ancestral know-how. The revision of existing investment menus is a crucial tool in furthering application of context relevant, new and innovative technologies in the climate adaptative investments.

Both in relation to Mali and Niger there is a risk that decentralized, and oversight services are not mobilized due to a lack of resources. This can affect the performance of the local government, the incentive to improve and the engagement of the authorities since they are not able to participate.

Burkina Faso in general has plans and strategies in place related to climate change although they have some years on their back. The National Sustainable Development Policy³⁵ from 2013 covers climate change in the sense that it integrates international conventions. Climate change is included through sectoral sustainable development action plans and local charters. The National Climate Change Adaptation Plan (NAP) was drawn up in 2015, based on the sectoral NAPs. The monitoring mechanism is envisaged under the NAP but remains modest. Burkina Faso submitted its updated NDC in October 2021. In terms of decentralisation and climate change, each local authority draws up and implements a local

³⁰ Strategic Framework for a Green and Climate-Resilient Economy from 2011, the National Climate Change Policy (NCCP, 2014) and the National Climate Change Strategy (NCCS).

³¹ Comité National des Changements Climatiques

³² Agence de l'Environnement et du Développement Durable

³³ Plan d'Action en matière de Changements et Variabilité Climatiques

³⁴ LoCAL-Niger Phase II framework, 2017

³⁵ The Politique Nationale de Développement Durable

action plan for sustainable development, with the support of the State and the participation of a range of local non-State stakeholders. However, in general implementation of the plans and policies suffers greatly from lack of resources.

The growing awareness of climate change in the last years, has prompted the Government of Benin to develop several documents. The National Strategy of Strengthening Human Resources from 2013 aims at promoting green development and a society resilient to climate change. The NDC was updated in 2021 and focuses on assessing vulnerability and secure the integration of climate change adaptation in plans and strategies. The National Development Plan 2018 – 2025 which aims at reaching and maintaining a growth of 10% annually has climate change and environment as one of four main themes. The Climate Change Act was approved in 2018.

Benin and Uganda rank 13 and 22 out of 54 in the Ibrahim Index of African Governance (IIAG)³⁶ and are slowing their improvement. Burkina Faso ranks 17 showing warning signs of deterioration (See table). Considering the increasing instability in Burkina Faso the last couple of years the situation is probably worse than in 2019. In Burkina Faso 54% perceived corruption to have decreased in 2018 while in Benin it was similar percentage. Mali is number 31 on the IIAG and is showing increasing deterioration. Niger is ranking 28 with warning signs. Somalia is at the very bottom but with increasing improvement.

Country	IIAG 2019 (Rank of 54)	Global Corruption Barometer 2019 ³⁷
Benin	13	34%
Burkina Faso	17	28%
Mali	31	60%
Niger	28	62%
Somalia	54	N.A.
Uganda	22	69%

Benin and Burkina Faso have the best performance in relation to governance and corruption perception according to the IIAG and Afrobarometer. Uganda is in the top half in relation to governance but fairs rather bad in relation to corruption perception while Mali and Niger have relatively low performance both in relation to overall governance and corruption perception. So, mismanagement of funds is certainly a risk particularly in Uganda, Somalia, Mali and Niger. The close cooperation of LoCAL with the Ministry of Finance in the respective countries and the

technical assistance placed there as well as the capacity building on procurement at local government level, inclusion of communities in planning and monitoring and governance indicators in the performance assessment are ways that LoCAL is reducing the risk of mismanagement.

Key documentation and sources

Afrobarometer 2019
 2020 Ibrahim index of African governance (IIAG)
 LoCAL-Mali Phase II scoping document 2018
 LoCAL-Uganda Design Report September 2019
 LoCAL-Somalia, Situation Analysis (extract of draft Scoping Report), June 2022
 LoCAL-Niger Phase II framework, 2017
 Concept Note for Local Climate Adaptive Living (LoCAL) mechanism in Burkina Faso 2020 (draft 1)
 Document de conception LoCAL Phase II République du Bénin Septembre 2021

5 Matching with Danish strengths and interests, engaging Danish actors and seeking synergies

Key conclusions and implications for the projects

The LoCAL mechanism and country focus match very well with Danish strengths and interests. The Danish government intends to use its position as a green frontrunner more actively in development assistance to inspire and drive initiatives for climate adaptation and building resilience. The development assistance should have a high level of ambition in its focus on building resilience and create adaptive capacity among the poorest and most vulnerable developing countries. As such, in 2023, at least 60% of the support to climate change should go to climate change adaptation in the least developed and most vulnerable countries.

The Danish strategy for development cooperation *The World We Share* which was launched in 2021 states that Denmark must strengthen action to support climate change adaptation, nature, the environment and resilience in the poorest and most vulnerable countries. This entails that Denmark will increase support for adaptation to climate change and for building resilience locally before disaster strikes. The activities will be targeted at least developed and vulnerable countries and poor people. One of the key priority areas identified is to promote local

³⁶ The IIAG measures the components in the Human Rights Based Approach, participation, transparency and accountability, inclusion & equality as well as anti-corruption measures and gender issues. Overall, 2019 was the first year since the IIAG began in 2007 where a decline in governance was found

³⁷ Percentage of people who think corruption increased in the previous 12 months

climate change adaptation, including nature-based solutions that ensure ownership and involvement of vulnerable people and communities in project development and their access to climate finance.

Denmark has strategic development programmes with **Somalia, Uganda, Mali, Burkina Faso and Niger**. The support to UNCDF's LoCAL is therefore fully in line with Danish interests both in term of content and geographic focus. Denmark will be able to use its strength and experience with supporting poor and fragile developing countries and its expertise on climate change. There is a good match between the thematic focus of the SCP for **Somalia** and the LoCAL objectives of supporting climate change adaptation in local governments in the country. The support to LoCAL will complement the Danish support to peace and stability in Somalia and thereby reduce conflict and displacement of the poorest and most vulnerable. The support to LoCAL Somalia gives the opportunity for Danish support from the design phase and to moving into phase I in the four-year project period.

A new Danish Strategic Country Programme for **Uganda** is under formulation. The topic of climate adaptation in LoCAL is very much in line with Danish priorities in Uganda on climate change adaptation and there is a need for setting up workable framework for channelling funds to this area. The SCP is likely to focus on non-state actors and a support to LoCAL-Uganda would complement this approach.

Annex 2: Partner Assessment

1. **Brief presentation of UNCDF LoCAL**

UNCDF LoCAL has been identified as a partner based on content of its mechanism, the approach in which it is delivered, the experience and ability to adapt to and overcome challenges and the results created so far. The UNCDF LoCAL mechanism has been assessed through thorough review of documents, interviews and discussions with LoCAL staff both at management and country level, consultations with donor agencies that support local both at country level in Mozambique and global level. A visit to districts and meeting with local government in Mozambique was also carried out as part of the partner assessment. The goal of LoCAL is to promote climate change resilient communities and local economies by increasing investments in climate change adaptation at the local level in target countries, thereby contributing to the achievement of the Paris Agreement, the NDCs, the NAP process and the SDGs, particularly the specific goals of poverty eradication (SDG 1) and climate action (SDG 13). This is fully in line with the objectives on climate change adaptation in the Danish Strategy for Development Assistance *The World We Share*.

The Local Climate Adaptive Living (LoCAL) Facility, designed and hosted by the UN Capital Development Fund³⁸, was first piloted in 2010-139 to bridge adaptation finance and capacity gaps, introduced first across Asia before launching globally in 2014. LoCAL has evolved into a standard, internationally recognized⁴⁰, country-based mechanism being implemented or designed for implementation in 32 countries across Africa, Asia, the Caribbean and Pacific, of whom 25 are LDCs, 7 SIDS and 22 African nations. In addition to the refinement of the PBCRG systems, over time LoCAL has refined its methodologies for supporting risk informed and participatory planning and the monitoring and evaluation of adaptation. Through LoCAL, funds worth over 125 million euros have been mobilized to locally led action to date, demonstrating that systems are in place to deliver funds to the climate change frontline. 36% of the funds have come from the EU while Sweden and Belgium have also contributed considerably. Government's own contributions amount to more than USD 33 million. Danida will be among the top five donors to LoCAL. The global partners sit in the LoCAL Board and thereby there is a link between the governing of LoCAL and the funds that are applied at the local level.

The LoCAL mechanism has demonstrated that it is capable of delivering at scale. To date, LoCAL has engaged more than 320 local governments and benefitted over 12.5 million people.

³⁸ UNCDF was established in 1966 as an autonomous organization within the UN and with the mandate to support developing countries in developing their economies by supplementing existing sources of capital assistance by means of grants and loans. In the nineties UNCDF began to focus on local government role in planning, financing, and maintaining capital investments. In 2014 it developed a new strategic framework focusing on capital investments and technical assistance in local development finance and inclusive finance. The present strategic framework is for the period 2022-2025. UNCDF is part of UNDP's strategic plan.

³⁹ First missions were to Bhutan in July and December 2010 with a scoping report on the LoCAL modalities: Bhutan Scoping Mission report, July 2010, finalised with the MoU with the Government in 2011.

⁴⁰ The LoCAL experience guidelines were endorsed by the LDC Expert Group to the UNFCCC as supplementary material to the NAP technical guidelines of the UNFCCC in 2019. As a result of the engagement with the Adaptation Committee of the UNFCCC, LoCAL was recognised as tool and method for subnational adaptation and included as such on the UNFCCC adaptation knowledge portal; LoCAL was further referenced by several UNFCCC bodies in official reports to the COP26 (including the Standing Committee on Finance and the 53th SBI session), as well as in a number of OECD publications.

As it can be seen in figure 1, about USD 80 million have been invested from 2014 - 2020 at the country-level together with the approximately USD 17 million of government contributions. About USD 27 million have been applied from the global level.

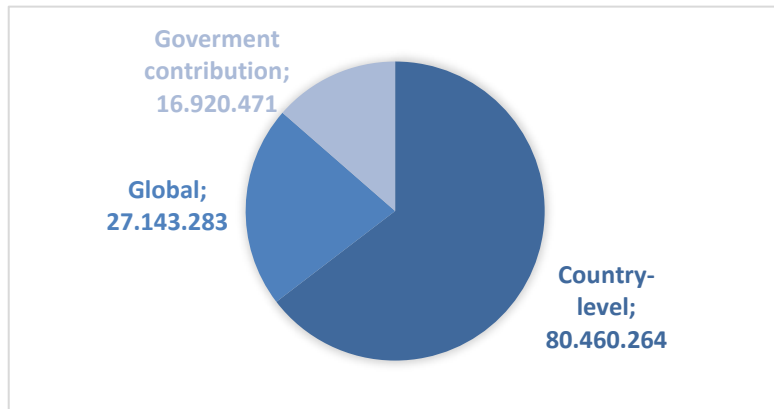


Figure 1: Distribution of funds between global and country level and the government contribution

LoCAL further builds on UNCDF’s 25 years of experience in local public financial management, which involved testing and piloting fiscal transfers to the local level in countries with systems that did not apply the principles of subsidiarity. From the early 2000s, UNCDF built on initial progress to introduce performance-based grants in many LDCs. The local public financial management has involved testing and piloting fiscal transfers to the local level

in countries with previously highly centralized administrative systems that did not apply the principles of subsidiarity to their fiscal and political affairs. Some degree of decentralization and intergovernmental fiscal transfer is now present in many of these countries. From the early 2000s, UNCDF built on initial progress to introduce performance-based grants.⁴¹

LoCAL works with local governments across developing countries, LDCs, SIDS and African nations. LoCAL supports mainstreaming of climate change adaptation into local government’s planning and budgeting systems in a gender responsive and participatory manner. It is highly aligned with national policies and planning both in relation to decentralisation policies and CCA. In this way, LoCAL contributes to the Paris Declaration on Aid Effectiveness.

LoCAL combines performance-based climate resilience grants (PBCRGs) – in the form of financial top ups to cover the additional costs of climate change adaptation – which ensure programming and verification of climate change expenditures at the local level while offering strong incentives for performance improvements in enhanced resilience – with technical and capacity-building support. Independent annual performance assessments are undertaken every year with aims to reviewing local government compliance with minimum condition of access and performance for the previous year against a set of predetermined performance measures. The results influence allocations for the following year. PBCRGs are channelled through existing national fiscal transfer systems.

The decision-making process entails climate risk and vulnerability assessment as well as consultations with communities including vulnerable groups. Communities are also included in the identification,

⁴¹ One result is that central governments and development partners now recognize that there is local efficiency and effectiveness in delivery of services and infrastructure. Evidence for this is the growing number of loans to central governments for local delivery of services that have been designed based on the decentralized public financial management systems promoted by UNCDF with partner governments. Examples include Bangladesh, Cambodia, Mozambique and Uganda. *Financing local adaptation to climate change – Experience from Performance-based Grants*, UNCDF – LoCAL, 2018

design and monitoring of climate adaptive investment and their subsequent management and monitoring, which will contribute to resilience thus applying a HRBA from bottom up.

LoCAL considers specific vulnerabilities of women in climate risk analysis, promotes the active participation of women in decision-making processes and structures as well as in the implementation and management of investments e.g., the investment menus include activities specifically targeting women and girls. Related to this, the performance assessment of local governments includes gender and participation indicators, and these inform subsequent grant allocations.

LoCAL has, in partnership with the World Resources Institute (WRI), developed a strong and comprehensive planning tools called the Assessing Climate Change Adaptation Framework (ACCAF). It includes five building blocks supporting local governments to create a strong climate rationale for the identified adaptation investments. ACCAF helps ensuring that the adaptation aims of LoCAL are being achieved and serves as a monitoring and evaluation (M&E) framework, which focuses on the adaptation aspects of LoCAL. The annual performance assessment complements the ACCAF and together the two provide a strong framework for the monitoring, reporting and verification (MRV) of local adaptation.

The local governments benefit from tailored technical assistance departing from specific and identified gaps and needs, using a range of approaches (e.g., on-the-job learning; trainings; technical assistance; coaching). Climate risk assessments (CRA) are developed and analysed together with quantitative and participatory approaches to inform the awareness raising and the subsequent integration of CCA into local plans and budgets and the implementation that follows. Together with the menu of investments and the ACCAF, the CRA guarantees that the interventions and investments address climate change adaptation.

2. Summary of partner capacity assessment

LoCAL has several strengths that makes it an attractive partner for Denmark. LoCAL supports mainstreaming of climate change adaptation into local government's planning and budgeting systems in a gender responsive and participatory manner which is an approach in line with Danish strategic objectives. LoCAL builds on UNCDF's 25 years of experience in local public financial management and more than ten years of experience with implementing the LoCAL mechanism in several countries and continents. The PBCRG provide a strong instrument for assessing the progress of local governments in achieving the key performance indicators set and provides an incentive for local governments to continuously improve performance.

A small but agile global management team oversees the overall implementation and further development of LoCAL. The global management has achieved several results in the past years which will assist in consolidating the LoCAL mechanism and facilitate the access to global climate funds. The experience with PBCRGs is documented and approved by LDC Expert group to UNFCCC as annex to the National Adaptation Plans (NAP) technical guidelines and the LDC Doha Programme of Action recognizes LoCAL as a target for supporting implementation of countries' adaptation to climate change⁴². Furthermore, the process to get LoCAL/PBCRG ISO14093 certified is well underway. LoCAL country teams have supported 14 countries with elaboration of project proposals for the Adaptation Fund and

⁴² It was endorsed by the General Assembly through resolution A/76/L.47 on April 1

the Green Climate Fund; combined with the mobilization over the years of USD 125 million, it demonstrates that LoCAL has the capacity to mobilize funds.

During the mission to Mozambique, the formulation team met with the Belgian Embassy and the Belgian Development Cooperation (ENABEL), the Swedish Embassy, the EU Delegation and Swiss Development Cooperation (SDC). All agencies were very positive in relation to the experience in working with UNCDF/LoCAL.

Being a small and agile organization has strength and value as seen above but as a smaller UN organization UNCDF hosting LoCAL has limited political leverage and political access on its own and it is not accredited to UNFCCC financial mechanisms, limiting options for funding to help countries starting up. For a variety of reasons, many donor or agencies are reluctant to channel funds through public financial management systems. Donor partners of LoCAL are yet to capitalize on the political potential of LoCAL to help join efforts and help countries attract more finance. Countries need to be further accompanied to apprehend the costs and benefits of channeling domestic resources into the PBCRGs, as well as aid in the form of e.g., policy-based lending loans transferred to the government's general budget instead of paying for explicit project costs.

As LoCAL is largely project funded the ability to build long term sustainability and secure stable delivery of funds and technical assistance depends on the length and nature of the projects. The reliance on project funding can lead to gaps in funding and delays in establishing in the country programmes. In terms of opportunities the high demand from countries to LoCAL PBCRG is noticeable and constitutes a potential for LoCAL to explore and develop further.

Secondly, there are a number of opportunities for LoCAL to develop at the global level. At the advocacy level, political support from 10 Ministers and Ministerial Declaration has been signed by 17 Ministers. These ministers can also elevate LoCAL politically with ministers from partner countries as well as at the UNFCCC e.g., give guidance to UNFCCC financial mechanisms.

In addition, ministers in charge of climate change can guide their ministries in following through the direction set in the LoCAL Board Decision e.g., working through LoCAL on the vertical integration of the NDC and NAP. LoCAL can also further assist countries in including local adaptation in their NDCs and NAPs processes and implementation plans. In relation to implementation of the NDCs there is an increasing need for tracking actions and funds in country plans and strategies that go towards implementation of the NDCs, including at the local level. In that LoCAL has ample experience in using PFM systems in various countries which could be documented and shared. Furthermore, there is an opportunity to give more visibility to the LoCAL funds by enhancing the application of climate budget codes which would facilitate tracking.

At the level of international negotiations, LoCAL can assist partner countries in their work as Parties and members of UNFCCC bodies and financial mechanisms and/or members of climate political initiatives to further the connection of climate finance with country delivery mechanisms. The Glasgow work programme on article 6.8 offers an entry point for LoCAL to be recognized as a non-market-based approach (NMA).

As LoCAL has aligned with the LDC vision for 2050 and the locally led adaptation (LLA) principles, it is an opportunity to attract more donor funding as a number of partners which have endorsed the LLA

principles are still exploring avenues including the possibility to work with LoCAL to deliver on those principles i.e., the Adaptation Fund endorsed LLA principles and is yet to define its approach.

There is also an increased recognition with references to LoCAL PBCRGs across various UNFCCC bodies and OECD reports which constitute an opportunity to strengthen LoCAL and its results. GCF's Enhanced Direct Access (EDA) window to which USD 200 million have been set aside to adaptation finance is behind in implementation. The funds should be allocated to homegrown solutions to enhance country ownership. LoCAL can help support countries to identify solutions eligible for the EDA window. Lastly and responding to a recommendation of the mid-term review, LoCAL is in a process of enhancing its technical knowledge and capacity on CCA to a stage with high capacity to secure application of the most appropriate and innovative adaptation approaches and technologies.

As climate change is a rapidly developing and dynamic area which has ever more political attention, this leads to a multiplication of political initiatives around climate finance and adaptation. These initiatives are sometimes launched in quick succession with limited evaluation of lessons learnt and good practices from already on-going initiatives. This leads to limited uptake of good practices and effectively duplicating efforts in the countries. So, instead of upscaling those mechanisms in LoCAL countries that have impact, new and overlapping initiatives are taken. As the climate finance is mostly project based especially at the local level, it can be difficult to upscale and project-based replication of PBCRG might take place instead.

The Danish Development Strategy *The World We Share* has a strong focus on assistance to fragile countries and societies especially in Africa. The countries identified to benefit from the Danish support to UNCDF LoCAL are also mostly Danish partner countries and almost all are fragile countries affected by current or recent conflict. They are to a varying degree characterized by weak State structures and institutions and high levels of corruption. High levels of poverty associated with increasing inequality threatens the cohesiveness of the societies and create a favorable environment for practices of self-interest in order to improve livelihoods and find ways out of the poverty. For successful implementation of a programme like LoCAL that channel funds through PFM systems and reach the local level, its important to be aware of the risks linked to operating in fragile states and the practices generally referred to a political economy issues which are acted out by different stakeholders in the process of implementation. Below is a table that in generalized way summarize different political economy issues that might be practiced in the countries identified for LoCAL support. Countries are very different, and each country has its specificities. It is therefore not the intention to indicate that the examples given in the table are at play in all the countries.

To mitigate some of the political economy issues related to the central level, UNCDF LoCAL has very close cooperation with Ministries of Finance and LoCAL is usually working with such ministries at the central level, together with Ministries in charge of climate change. There is also usually close cooperation with ministries responsible for state and local administration and interior affairs. To mitigate the risks of influence of particular interests in (local) procurement processes, LoCAL has particular focus on the capacity building of the staff in local governments in these processes and the LoCAL national staff e.g., architects and engineers are also participating in the elaboration of the tender documents, as well as focuses on fiduciary risk management. It also very importantly closely monitors such processes.

Type of stakeholder	Interests	Level of power	Examples of how interests can act out
Government/ Political elite	Remain in power Implement government policies and strategies	Strong	<ul style="list-style-type: none"> - Use results from projects for campaigning purposes to show the capacity of the government - Influence the selection of geographic focus areas to gain support from opposition and/or reward party loyal areas. - Create or invest in private companies especially in construction to get access to project funds for climate adaptive investments
Central government:	<ul style="list-style-type: none"> - Implement government policies and strategies - Retain control and resources at the central level - Individual interest in improving livelihood - Economic growth 	Strong	<ul style="list-style-type: none"> - Conflict can reduce the interest in decentralization. - Reluctance to decentralize funds and management to local governments - Support to climate change actions as they may still be perceived as a threat to economic growth - Secure the balance between environmental protection and growth
Ministry of Environment	<ul style="list-style-type: none"> - Increase visibility in the Government - Implement government policies and strategies - Respond to international commitments 	Medium	<ul style="list-style-type: none"> - Strive to get as much of project funds and management under their ministry - Prioritize actions with visibility potential to attract more recognition
Ministry of Finance and Planning	<ul style="list-style-type: none"> - Retain fiscal control, secure cash flow and avoid debt arrears 	Strong	<ul style="list-style-type: none"> - Use available funds in the State Budget to pay debt or other expenses. which can create delays in transfer of funds to local level - Use government budgeting processes
Ministry of Local Government	<ul style="list-style-type: none"> - Retain control over decentralization process 	Strong	<ul style="list-style-type: none"> - Strive to get as much of project funds and management under their ministry
Local Government	<ul style="list-style-type: none"> - More funds from the State Budget - Further political carrier - Individual interest in improving livelihood 	Medium	<ul style="list-style-type: none"> - Supportive to LoCAL implementation - Preference for actions that create good upward visibility - Coordination/ agreement with service providers/ constructors on sharing funds
Private sector	<ul style="list-style-type: none"> - Winning bids for climate adaptive investments. 	Medium	<ul style="list-style-type: none"> - Procurement processes are particularly at risk of being influenced by corruptive practices in the tender phase. In the construction phase the input of materials can be reduced for the company and possible the investors to pull out money.

Civil Society Organisations	<ul style="list-style-type: none"> - Maintain flow of funds from various sources - Advocate for different causes 	Weak	<ul style="list-style-type: none"> - Strive to participate in decision-making processes through advocating for different causes land management, gender, environment etc. - Strive to implement projects - Provide evidence for problem and challenges through studies and research
Local communities	Improve livelihoods	Weak	<ul style="list-style-type: none"> - Local leaders to manage issues with government opposition - Cultural or social issues limit participation of certain groups in decision-making - Low capability of vulnerable in raising their voice even when participating.

Table 1: Overview of possible political economy issues that could affect LoCAL.

3. Summary of key partner features

UNCDF Local Adaptive Climate Facility

<p>Core business <i>What is the main business, interest and goal of the partner?</i></p>	<p>Importance <i>Importance of the program for the partner's activity-level (Low, medium high)?</i></p>	<p>Influence <i>How much influence does the partner have over the program (low, medium, high)?</i></p>	<p>Contribution <i>What will be the partner's main contribution?</i></p>	<p>Capacity <i>What are the main issues emerging from the assessment of the partner's capacity?</i></p>	<p>Exit strategy <i>What is the strategy for exiting the partnership?</i></p>
<p>The goal of LoCAL is to promote climate change resilient communities and local economies by increasing investments in climate change adaptation at the local level. It is thereby contributing to the achievement of the SDGs 1 and 13. LoCAL combines performance-based climate resilience grants (PBCRGs) with technical and capacity-building support. Independent annual performance assessments are undertaken every year with aims to reviewing local government compliance with minimum condition of access and performance for the previous year against a set of predetermined performance measures. The results influence allocations for the following year. PBCRGs are channelled through existing national fiscal transfer systems.</p>	<p>Medium to high in terms of amount as Danida will become the fourth largest donor to LoCAL. Funding from different sources as funds worth over 125 million dollars have been mobilized under LoCAL to date. The Danish support is equivalent to 10% of the total amount that has been mobilized which is considerable. As the third component in the programme is demand driven, it will give some flexibility is allocation support which is important for LoCAL the number of countries has</p>	<p>Medium to high. The project document has been elaborated in close coordination with the partner. The support is fully aligned with the LoCAL mechanism and the geographic focus is clear and cover mostly countries which are also Danish partner countries e.g., Somalia, Uganda, Burkina Faso, Mali and Niger. The specific project activities are identified in close cooperation with the local governments, the communities and compliance with the PBCRGs (e.g. menu of investments) led by the central institutions which include e.g. the</p>	<p>The Danish support will enable LoCAL to design and begin to implement phase I of the LoCAL Somalia programme. LoCAL will through technical assistance strengthen the LoCAL Uganda Programme to enable it to move from phase I to II. LoCAL will be able to respond to several countries i.e., Burkina Faso, Niger and Mali demands to enhance the programme implementation in these countries. LoCAL will organize technical assistance based on demand and identified needs. Furthermore, LoCAL will secure the overall programme implementation, including monitoring, review and reporting.</p>	<p><i>Strength:</i></p> <ul style="list-style-type: none"> • 20+ years of experience in local government finance and performance-based grants • 10+ years of experience with implementing the LoCAL mechanism in several countries and continents. • PBCRG provide a strong instrument with the annual performance assessments • Gender responsive and participatory mainstreaming of CCA into local gov's planning and budgeting systems • LoCAL is well focused on mobilizing and effectively deploying climate finance • LoCAL is well positioned on enhanced direct access to global climate funds • LoCAL governed by the countries that sit on the Board with partners. • LoCAL embedded in the LDC Doha programme of action • ACCAF monitoring system • Small but agile global management team. • Experience with PBCRGs documented and approved by LDC 	<p>Support to UNCDF LoCAL could be extended into future phases depending on performance of the LoCAL programme. This should be decided after the mid-term review tentatively scheduled for first half of 2024. Depending on the decision at that time, an exit strategy will be prepared taking into consideration how structures, policies and partner activities will be able to continue without external assistance or assistance from Denmark. It will also include a timeframe of the formal closure consisting of three steps:</p> <ol style="list-style-type: none"> 1) Implementing partner's final report 2) Responsible unit's final results report (FRR) 3) Closure of accounts: final audit, return of unspent funds and accrued interest and administrative closure by reversing remaining provision.

<p>UNCDF LoCAL is interested in securing long term and stable financing modalities for the LoCAL facility/mechanism to sustain its function as facility serving the LDCs, SIDS and African countries for delivering on the Paris Agreement, through NDC and NAP aligned locally led adaptation through country-based mechanisms in line with the LoCAL standard and as facility that effectively supports direct access to GCF and AF.</p>	<p>increased rapidly and demands are therefore increasing.</p>	<p>Ministry of Finance and the Ministry of Environment responsible for climate change. The political and socioeconomic dynamics at the local and central level in the countries can influence the pace and scale of the implementation as showed in Annex 1 and in the table above on political economy issues.</p>		<p>Expert group to UNFCCC as annex to NAP technical guidelines</p> <ul style="list-style-type: none"> • LoCAL/PBCRGs forthcoming ISO14093 <p><i>Weaknesses:</i></p> <ul style="list-style-type: none"> • UNCDF has limited political leverage and political access in its own • Donor partners of LoCAL are yet to capitalize on the political potential of LoCAL to help join efforts and help countries attract more finance • Project funding leading to gaps in funding and delays in establishing in-country teams • Technical knowledge and capacity on CCA can be strengthened • UNCDF is not accredited to UNFCCC financial mechanisms • Need to accompany countries to apprehend the costs and benefits of channeling domestic resources into the PBCRGs, as well as aid <p><i>Opportunities:</i></p> <ul style="list-style-type: none"> • High demand from countries for LoCAL PBCRG • LoCAL aligned with LDC2050 vision and LLA principles • Glasgow work programme on article 6.8 offers an entry point for LoCAL to be recognized as NMA • GCF EDA window and adaptation finance is lagging behind and LoCAL can help support EDA • AF endorsed LLA principles and is yet to define its approach. • Increased recognition with references to LoCAL PBCRGs across various UNFCCC bodies and OECD reports 	<p>LoCAL has a strategy in place to contribute to financial sustainability. The LoCAL Annual Board 2022 included a strategy and budget planning for the upcoming five years. It was decided to build LoCAL into a USD 500 million mechanism by 2027. Moreover, LoCAL has demonstrated its ability to mobilize funding from different sources as funds worth over 125 million dollars have been mobilized under LoCAL to date. The scale of LoCAL demonstrates that systems are or can be put in place to deliver funds to the local level. While international donors provide the bulk of the funds, an estimated 25% of committed resources have come from the countries themselves – a reflection of the country-level support for the LoCAL mechanism. LoCAL is also supporting National and Regional Accredited Entities across 14 countries in Africa, Asia and Pacific to access AF and GCF funding for a pipeline of projects with budgets of approximately 175 million dollars. The approval of some or all these projects will reduce dependence of Danish funds.</p>
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Annex 3: Key data on the current status of LoCAL countries in Africa

Country	CC vulnerability	CRVA for subnational adaptation	Decentralised structure	LoCAL phase	Start year LoCAL	No of local authorities	No of infrastructure projects	Fiscal transfer mechanism	Comment
Benin	Drought, late heavy rains, flooding	Study for 4 sectors, 2008	Financially and institutionally independent	II	2014	9	24 adaptation measures in nine communes received financing through PBCRGs	FADeC	Proposal submitted to GCF
Burkina Faso	Reduction in annual rainfall, high temperatures; droughts, floods;) decreased water levels in major rivers	Within the framework of the National Adaptation Plan (2015). LoCAL is doing a downscaling exercise	Institutionally independent communes	I	2021	3	None so far. In the process of signing MoU to formalize their participation in the LoCAL pilot.	Environment Investment Fund (FIE)	Proposal submitted to GCF
The Gambia	Droughts, low rainfall, salinization, acidification of soils	Risk assessment carried out in 8 pilot wards	Decentralized structures	II	2018	32 WDC	33 small-scale climate-resilient investments, 23 of which were undertaken in 2021	Funds flow to the bank account designated by the Accountant General at the Central Bank. Upon request of the LoCAL Technical Committee the Accountant General transfers the funds to the WDC accounts.	LoCAL–The Gambia is one of three components of the Jobs, Skills and Finance for Women and Youth in The Gambia (JSF) Programme funded by the 11th European Development Fund
Ghana	Climate risk assessment completed with support from Korea	Yes	The Ministry of Local Government, Decentralization and Rural Development, which aims to ensure good governance and equitable development of Metropolitan, municipal and district assemblies plays an important role in ensuring climate change is mainstreamed at the local level	II	2016	13 MMDAs	34 climate change adaptation investments, benefiting approximately 94,500 people, were realized in nine MMDAs	District Assemblies Common Fund Responsiveness Factor Grant (DACF RFG)	Policy advice, readiness support, support for accreditation and adjustment to project design as needed are foreseen to ensure that the country can transition to Phase III and initiate national roll-out after the four-year

Country	CC vulnerability	CRVA for subnational adaptation	Decentralised structure	LoCAL phase	Start year LoCAL	No of local authorities	No of infrastructure projects	Fiscal transfer mechanism	Comment
									EU GReeN project ends.
Lesotho	Delayed rainy season, droughts/ dry spells; heat waves; heavy and erratic frost	No	The Government has published a devolution policy to empower both district and community councils	I	First cycle in 2020	4 pilot community councils	climate proofing 10 water-related infrastructure in the to more than 1,800 people	The PBCRG system is fully aligned with the previous Deepening Decentralization Programme	Climate risk assessments will be carried out in pilot community councils
Malawi	Highly vulnerable to the impacts of climate change and extreme weather events.	No	Devolved functions for rural local governments include basic education, primary health care, agriculture, water, rural roads, and community development	I	First cycle in 2021	2	None yet	The PBCRG provide a top-up to the recently introduced general Performance Based Grant (PBG) under the Governance to Enable Service Delivery project	
Mali	Reduction in annual rainfall of 20% on average, high temperatures; droughts, floods; decreased water levels in the major rivers.	LoCAL began a nation-wide climate risk assessment in 2020	The Environment and Sustainable Development Agency (AEDD, Agence de l'Environnement et du Développement Durable), which serves as the national designated authority, is responsible for administering LoCAL	II	2014	4 communes	36 local adaptation initiatives, investing \$250,000 and benefiting more than 70,000 people.	Using the Local Authorities National Investment Agency (ANICT, Agence Nationale d'Investissement des Collectivités Territoriales) structure for funding the communes.	
Mozambique	Droughts, floods and cyclones on a regular basis and sea level rise	Community assessment in Local Adaptation Plans.	A combination of decentralization and deconcentration with a gradual transfer of responsibilities, personnel and funding to the municipal level as well as to the more deconcentrated levels of provincial and district governments.	II	2015	17 of 154	62 projects implemented, 39 of which were under implementation in 2020 in 17 districts with \$ 2,47 million.	Through e-SISTAFE funds are channelled to the local level through the National Treasury	Financial support from The EU, SIDA, Belgian Cooperation, SDC. ACCAF will be rolled out with UNCDF support.
Niger	Reduced average annual	The country is piloting localized	The commune and the region are administered by elected councils. They are	II	2015	9 communes	64 adaptation investments. Approximately 40 per cent of the 2021	Budget transfers from the state are handled through three	Funding from NDC Partnership and

Country	CC vulnerability	CRVA for subnational adaptation	Decentralised structure	LoCAL phase	Start year LoCAL	No of local authorities	No of infrastructure projects	Fiscal transfer mechanism	Comment
	rainfall, increasingly, high temperatures; droughts, floods; decreased water levels in the major rivers.	climate risk assessments. NDC Partnership and LoCAL have done a country report on climate risk and vulnerability assessment which incorporates the local dimension	legal entities and have financial autonomy, with their own budget and staff.				portfolio was devoted to land restoration initiatives to combat desertification and erosion through cash-for-work schemes. Some 380 ha of degraded land were restored, and some 5,000 short-terms jobs created. Climate resilience of rural livelihoods was addressed through support to diversified income-generating opportunities for women, including market gardening and provision of livestock, as well as food supply to com-munal cereal banks for the most vulnerable communes.	mechanisms: the Decentralization Support Fund, the Cross-Subsidization Fund of the National Agency for Local Authority Funding (ANFICT)	Italian Fund for Migration.
Tanzania	Droughts, floods, sea level rise	No	Well-functioning system of local governments and a well-developed inter-governmental fiscal transfer system, which has introduced performance-based elements over the past decade.	I	2021 (signed MoU)	3	N/A	PBCRGs are channelled through MoF/PO-RALG	Pilot is supported by Sweden and EU (via GCCA+) Part of the Local Climate Finance Initiative
Uganda	Droughts and floods	Yes	Well-functioning system of local governments	I	2022	4	N/A	The PBCRG will be a window of Development Grants. This will enable the implementation of cross-sectoral investments with climate adaptation additionality and to trace the funds, which is a requirement for accessing other funds for example the GCF and AF.	Support received from the EU, the Belgian Government and Sweden

Table 8: Source: UNCDF LoCAL annual report 2020

Annex 4: Draft ToR for the secondment

I. Position Information		
Job Title: Programme Specialist Department: UNCDF/LTFPA Reports to: LoCAL Global Programme Manager, P-5	Grade Level: P4 Bureau: UNCDF Direct Reports: National Officers, National UNVs and Drivers	Position Number: Position designation: N/A Duty Station: Kampala, Uganda
Career Track: Professional/Expert Career Stream: 1. Governance and Environment, 2.SDG Integration, 3. Resource mobilization and strategic planning, partnership building Contract Modality: FTA (Fixed Term Appointment) International Contract Duration: 1 year FTA with possibility of extension		

II. Background and Organizational Context

The United Nations Capital Development Fund (UNCDF) makes public and private finance work for the poor in the world's 46 least developed countries. With its capital mandate and instruments, UNCDF offers "last mile" finance models that unlock public and private resources, especially at the domestic level, to reduce poverty and support local economic development.

UNCDF's financing models work through three channels: inclusive digital economies, connecting individuals, households, and small businesses with financial eco-systems that catalyze participation in the local economy, and provide tools to climb out of poverty and manage financial lives; local development finance, that capacitates localities through fiscal decentralization, innovative municipal finance, and structured project finance to drive local economic expansion and sustainable development; and investment finance, that provides catalytic financial structuring, de-risking, and capital deployment to drive SDG (Sustainable Development Goals) impact and domestic resource mobilization. By strengthening how finance works for poor people at the household, small enterprise, and local infrastructure levels, UNCDF contributes to Sustainable Development Goal-SDG 1 on eradicating poverty and SDG 17 on the means of implementation. By identifying those market segments where innovative financing models can have transformational impact in helping to reach the last mile and address exclusion and inequalities of access, UNCDF contributes to a broad diversity of SDGs.

The Local Climate Adaptive Living Facility (LoCAL) is a mechanism to integrate climate change into local authorities' planning and budgeting through the regular intergovernmental fiscal transfer system using performance-based grants in a participatory and gender sensitive manner, increase awareness and capacities to respond to climate change at the local level including through ecosystem-based solutions, and increase the quality and number of local investments that address climate change. LoCAL combines performance-based climate resilience grants (PBCRGs), which ensure programming and verification of change expenditures at the local level, with technical and capacity-building support. It uses the grants and demonstration effect to trigger

further flows for local climate action including global climate finance and national fiscal transfers. LoCAL also aims to support private finance for small and medium businesses and municipal finance and public-private partnerships. LoCAL is currently active in 17 countries in Africa, Asia and the Pacific, with another 15 countries preparing to join (at the design stage).

LoCAL combines performance-based climate resilience grants (PBCRGs) with technical and capacity-building support. PBCRGs ensure programming and verification of climate change expenditures at the local level and offer strong incentives for overall performance improvements targeting areas of importance for enhanced resilience. The PBCRG can be seen as an earmarked cross-sectoral grant with conditions attached to the use of its funding for climate change adaptation beyond business as usual. Combined with regular grant allocations, PBCRGs enable 100 per-cent of the investments in climate-sensitive sectors to become climate resilient over time. They include a set of minimum conditions, performance measures and a menu of eligible investments. LoCAL focuses on the delivery of four outputs that will directly contribute to increasing local governments' access to climate finance and building resilience to climate change:

- **Output 1** – Awareness and capacities to respond to climate change adaptation at the local level are increased;
- **Output 2** – CCA (Climate Change Adaptation) is mainstreamed into government's planning and budgeting systems and investments are implemented in line with the PBCRG mechanism;
- **Output 3** – The PBCRG system is effectively and sustainably established in participating countries and leads to an increased amount of CCA finance available to local government and local economy;
- **Output 4** – The role of local authorities and of the PBCRGs in addressing climate change are increasingly recognized at international level, through outreach, learning and quality assurance.

The initiative operates in three distinct phases:

- ✓ **Phase I:** Piloting, consists of an initial scoping analysis, followed by testing in two to four local governments. As of 2022, Burkina Faso, Lesotho, Malawi, Senegal, Tanzania, Uganda and Tuvalu are in Phase I; Lao PDR, Mali, and Nepal are preparing to enter Phase II.
- ✓ **Phase II:** Consolidating, takes place in 5–10 local governments in a country. It involves collecting lessons and demonstrating the mechanism's effectiveness at a larger scale. As of 2022, Bangladesh, Benin, Ghana, The Gambia, Mozambique and Niger are in Phase II.
- ✓ **Phase III:** Scaling-up, is full national roll-out of LoCAL based on the results of the previous phases and lessons learned. LoCAL is gradually extended to all local governments, with domestic or international climate finance, and becomes the national system for channeling adaptation finance to the local level. Bhutan is in Phase III, with budget support from the European Union; Cambodia has also entered Phase III.

As of today, 32 countries are engaged with LoCAL, of whom 25 are LDCs, 7 are SIDS (Small Island Developing States) and 22 from Africa. Since its global scale up in 2014, LoCAL has engaged more than 320 local governments in 18 countries representing over 12.5 million people. Between 2014 and 2021, LoCAL mobilized USD 125 million through PBCRG, technical assistance and operational support to member countries for subnational adaptation action. During the same period, 2,000+ climate change adaptation interventions were financed across 12 countries.

The Facility is overseen by the LoCAL Board, which comprises of representatives from participating governments, and is co-chaired by the Chairs of the Least Developed Countries (LDC) Group to the United Nations and to the UNFCCC (United Nations Framework Convention on Climate Change). Through its decisions, the LoCAL Board reaffirmed its commitment to a strong and continued LoCAL engagement with UNFCCC, COPs (Conference of Parties) and with the LDC group in the UNFCCC processes to consolidate and deepen the progress towards LoCAL's objectives, and to explore options to institutionalize LoCAL as a global mechanism. In addition, the Board established a group of LoCAL Ambassadors, comprised of Ministers

of Environment from LoCAL member countries (currently from Burkina Faso, Jamaica, Mali, Malawi, Mozambique, The Gambia, Ghana, Niger, Benin and Cambodia), who commit to take a lead role in supporting the implementation of the Board Decision and advocating for the LoCAL mechanism, with support from the LoCAL Facility Secretariat. As of today, the 32 LoCAL countries are represented at the LoCAL Board.

High-Level representatives and ministers from countries deploying the LoCAL mechanism have recently signed a Ministerial Declaration aimed to provide political guidance and high-level leadership for the efforts on locally led adaptation action in vulnerable countries particularly, the LDCs, SIDS and African countries. The declaration, expected to be officially launched in the margins of the 77th UN General Assembly, as part of the NY Climate Week, provides a strong call ahead of COP27 for increased climate finance for NDC-aligned locally led action using the LoCAL Facility, including as an existing Non-Market Approach to be facilitated under article 6.8 of the Paris Agreement.

For more information on LoCAL, please visit <https://www.unCDF.org/local/homepage>

III. Position Purpose

UNCDF is seeking one (1) Programme Specialist, P-4 to lead on the effective delivery of the Programme's activities in selected countries in Southern and Eastern Africa (SEA). The incumbent will work under the direct supervision of and reporting line to the Global Manager, P-5, based in Kampala, Uganda and will work in close collaboration with the LoCAL global management team and LTFPA colleagues across the region, as well as with other Programme Specialists P4 responsible for phase I/II LoCAL SEA country initiatives. The current LoCAL's SEA portfolio includes the following countries: Sudan, Somalia, Uganda, Zambia, Lesotho, Malawi, Tanzania and Mozambique (and more in line with programme expansion or country demands).

The incumbent will contribute to strengthening programme management, monitoring and evaluation, as well as technical service delivery and systems with a view of promoting climate-resilient communities and local economies.

Key results include:

- Programme Management: The LoCAL Facility consistently delivers high quality, high impact development results.
- Partnership/Network Building and Resource Mobilization: New strategic opportunities and partnerships for LoCAL are realized, and resources are mobilized in support of consolidation and expansion in the country and the region.
- Knowledge Management and Communication: LoCAL is increasingly understood and recognized as nationally-owned mechanism to support climate change finance and activities at the local level, including in references to official documents such as the NDCs (Nationally Determined Contributions) and/or NAP (National Adaptation Plan).

In addition, the position will also support UNCDF strengthen its capacity for partnership building with countries in the South as a source of good solutions for development and good practices in South-South cooperation in the area of Climate Change finance activities. The position will also support resource mobilization as well as programme coordination to support and promote South-South cooperation through the LoCAL Facility. The position is also expected to engage in some operational management for the implementation of countries under portfolio.

This position will be based in either Kampala, Uganda or Nairobi, Kenya, with the possibility in the future to relocate to another duty station based on programmatic developments.

IV. Key Duties and Accountabilities

Duties and Responsibilities

The **Programme Specialist, P4** is responsible for overall management, coordination, execution and monitoring as well as for providing technical and policy support for the effective deployment of activities and is expected to contribute actively to LoCAL's resource mobilization efforts and outreach activities on an ongoing basis.

The **Programme Specialist's** key focus areas will be:

1. Programme management (30%)
2. Team management (15%)
3. Policy, regulatory and technical advice to government counterparts and key stakeholders (25%)
4. Knowledge management and communication (10%)
5. Networking, resource mobilization and partnership building (20%)

1) Programme Management (30%)

Example of Duties:

- Provide effective programme supervision, implementation, monitoring and evaluation, reporting and completion activities, in close collaboration with the LoCAL Global Manager and the LoCAL Facility (global) and the UN Country Teams in eastern and southern Africa;
- Build effective and efficient partnerships at the programmatic and operational levels with national counterparts and development partners to coordinate and ensure successful implementation of in-country activities;
- Coordinate and ensure quality of monitoring and evaluation systems of program developments and implementation (including preparation and monitoring of the annual work plan, participation in field missions, contribution to the preparation of annual reports), identify problems and issues to be addressed and propose corrective actions, and identify and track follow-up actions; This includes managing and monitoring the implementation of the programme, through the effective use of the corporate ERP system, and manage the risk log of the project;
- Coordinate management of operations activities, including finance, human resources, procurement, transport, IT, security, administration and ensure they follow UNCDF's rules, regulations, policies and procedures;
- Lead the preparation and timely submission of comprehensive technical and financial reports in line with contractual agreements and provide inputs for semi-annual reporting;
- Coordinate the implementation of audits, mid-term and final evaluations of the programme;

2) Team Management (15%)

Example of Duties:

- Coordinate and plan HR needs to ensure highest technical advice and programme delivery to Programme's stakeholders in all relevant components;
- Provide effective strategic and technical direction to and empowerment of supervisees, including through coaching and mentoring;

	<ul style="list-style-type: none"> • Role-modelling of UN values and encouraging supervisees to act ethically both in their relationships with each other and in the business decisions and actions they take; • Ensure effective performance management of supervisees (incl. annual individual performance plans of supervisees completed on time; regular meetings with supervisees organized during the year to monitor progress towards agreed goals, provide feedback and support; annual reviews (mid-term and annual) held on time; facilitating learning and development); • Support to supervisees in implementing various arrangements in place to ensure their safety and security and in maintaining their health and well-being.
3) Policy, regulatory and technical advice to government counterparts and key stakeholders (25%)	
<i>Example of Duties:</i>	<ul style="list-style-type: none"> • Provide policy, regulatory and technical advice to government counterparts at central and local levels (e.g. on NDC, NAP and linkages to LoCAL, etc.); • Provide technical assistance, advice and guidance to assigned country programs (ex. scoping, design and design validation, writing terms of reference, memoranda of understanding, letter of agreement, recruitment and management of consultants), • Identify and source technical expertise and support, including preparation of TORs, identification and evaluation of experts and reviewing reports. • Lead the technical dialogue and provision of policy and technical advisory services to national and local government counterparts in relation to decentralization and climate change, climate finance and (direct) access to international climate finance and (e.g., through accreditation to the Green Climate Fund and Adaptation Fund and subsequent direct access);
4) Knowledge management and communication (10%)	
<i>Example of Duties:</i>	<ul style="list-style-type: none"> • Identify key knowledge constraints and organize learning, knowledge exchange, training, workshops, etc. to build awareness and capacities in relevant themes (i.e., climate finance, climate change, decentralization, etc.); • Lead the preparation of various written outputs and knowledge products on assigned countries, e.g., progress reports, draft background papers, analyses, sections of reports and studies, inputs to publications, etc.; • Oversee the implementation of the Communication and Visibility Plan of the programme, in collaboration with project team, partners and technical consultants; • Identify, collect, and disseminate best practices and lessons learned from the programme; • Manage the process of convening national and regional stakeholders to share lessons learned;
5) Networking, resource mobilization and partnership building (20%)	
<i>Example of Duties:</i>	<ul style="list-style-type: none"> • Serve as the UNCDF focal point (co-chair) in working groups and steering committees on the issue of environment and climate change and provide inputs for conducive policy and regulatory environment (e.g., NDCs, NAP process, national climate change strategy); • Develop under the guidance of the LoCAL Facility Global Manager and the LoCAL Facility global team resource mobilization strategies for countries in the eastern and southern African region;

	<ul style="list-style-type: none"> • Lead on specific resource mobilization efforts and articulate and enable pathways for mobilizing resources and fostering external partnerships supporting UNCDF global and (sub)-regional interventions; • Support government own resource mobilization efforts (domestic and international) fostering partnerships across governments and beyond; • Participate in UN country teams, senior management teams, and coordinate the participation of UNCDF in UN and development partners’ coordination groups in assigned countries; • Ensure close collaboration with UN system, as well as to identify opportunities for collaboration and joint programming with other UN agencies and partners to maintain and/or strengthen UNCDF/LoCAL strategic positioning and presence in the country.
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Supervisory/Managerial Responsibilities:	
<ul style="list-style-type: none"> • Management of target countries in the eastern and southern Africa portfolio and ensures timely delivery of LoCAL portfolio in targeted SEA countries. S/he will be responsible for ensuring compliance with LoCAL Framework and UNCDF’s operation’s policies and procedures. S/he will also make a crucial contribution to the efficient and effective management of LoCAL Portfolio as well as provide strategic and technical contributions to LoCAL Global portfolio. • Play a strategic role in programme delivery and overseeing the success of the team including ensuring the Programmatic and operational tasks are done properly and on time • Manage selected members of the LoCAL country team in eastern and southern Africa (I.e., phase I/II countries funded by the global/regional programme), including managing tasks and responsibilities of the team members ensuring effective programme delivery, providing guidance to the team members, reporting programme progress and any programmatic and operational issues to LoCAL Global Programme Manager P5, evaluating performance and providing feedback of the team members. 	

V. Requirements:	
In this section, describe the qualification requirements of the position.	
<i>Education</i>	
<ul style="list-style-type: none"> • Master’s Degree or equivalent Advanced Degree preferably in Climate Change, Environment, Business Administration, International Relations, Development or related field. 	
<i>Experience, Knowledge, and Skills</i>	
<ul style="list-style-type: none"> • A minimum of seven (7) years’ experience in progressively more responsible positions in project management in the environment/climate change area with result-oriented objectives; out of the seven, a minimum of five (5) years’ experience must be on policy, regulatory and technical advisory services with national and local counterparts, preferably in Africa. 	

- Work experience with environmental sustainability and climate change and with addressing gender equality as project objective and/or cross-cutting issue in developing countries;
- Proven experience in project management and supervision of country programmes and teams, with focus on managing for results;
- Relevant experience with international climate finance, UNFCCC and its financial mechanisms in particular GCF (Green Climate Fund) and AF (Adaptation Fund) with a focus on direct access;
- Previous relevant work experience in Africa and/or Least Developed Countries (LDCs) is highly preferable.
- Relevant technical experience with policy and regulatory bodies and central and local governments in developing countries;
- Understanding of key concepts related to decentralization and local economic development;
- Strong networking capabilities and ability to associate him/herself with a range of actors (*inter alia* central and local governments; policy makers; regulators, donors, local communities, women and youth) with a view to building relations and facilitating links;
- Proven cross-cultural communication, able to function effectively in an international, multicultural environment and manage a team consisting of multiple nationalities;
- Excellent analytical skills;
- Strong general IT (Information Technology) skills, including ability to work regularly with MS Office Suite;
- Experience with a UN organization/agency is desirable;
- Experience with UNCDF's ERP system and UNDP Procurement Processes is desired, but not a requirement.

Language Requirements:

- Full fluency in written and spoken in English is required;
- Full fluency knowledge of other UN languages is an asset.

Expected Demonstration of Competencies

Core

Achieve Results:	LEVEL 3: Set and align challenging, achievable objectives for multiple projects, have lasting impact
Think Innovatively:	LEVEL 3: Proactively mitigate potential risks, develop new ideas to solve complex problems
Learn Continuously	LEVEL 3: Create and act on opportunities to expand horizons, diversify experiences

Adapt with Agility	LEVEL 3: Proactively initiate and champion change, manage multiple competing demands
Act with Determination	LEVEL 3: Think beyond immediate task/barriers and take action to achieve greater results
Engage and Partner	LEVEL 3: Political savvy, navigate complex landscape, champion inter-agency collaboration
Enable Diversity and Inclusion	LEVEL 3: Appreciate benefits of diverse workforce and champion inclusivity

People Management (Insert below standard sentence if the position has direct reports.)

- *Lead with Humility*
- *Show Managerial Courage*
- *Demonstrate Empathy and Emotional Intelligence*
- *Motivate and Direct*
- *Manage Performance and Ensure Accountability*

UNDP People Management Competencies can be found in the dedicated [site](#).

Cross-Functional & Technical competencies (insert up to 7 competencies)

<i>Thematic Area</i>	<i>Name</i>	<i>Definition</i>
Business Management	Results Based Management:	Ability to manage programmes and projects with a focus at improved performance and demonstrable results
Business Management	Project Management	Ability to plan, organize, prioritize and control resources, procedures and protocols to achieve specific goals
Business Management	Portfolio Management	Ability to select, prioritize and control the organization's programmes and projects, in line with its strategic objectives and capacity; ability to balance the implementation of change initiatives and the maintenance of business-as-usual, while optimizing return on investment
External Relations & Advocacy	Relationship management	Ability to engage with a wide range of public and private partners, build, sustain and/or strengthen working relations, trust and mutual understanding
2030 Agenda: Peace	Governance	Public Administration and Local Governance
2030 Agenda: Planet	Nature, Climate and Energy	Climate Change Adaptation: Public and private finance for adaptation solutions
2030 Agenda: Planet	Nature, Climate and Energy	Climate Change Policies: Climate Finance

VI. Keywords

List 3-5 most important skills from competencies required for the position – limited to 1-3-word descriptions – that will help inform workforce planning of critical skill supply and demand.

- Public financial management
- Local government finance
- Climate finance
- Climate change adaptation

Annex 5: Theory of Change, Scenario and Result Framework

This results framework and reporting have been developed based on the LoCAL systems and procedures. It takes into account the demands from the Danish MFA. Below is presented the Theory of Change with associated key assumptions. The Theory of Change follows the programme structure of LoCAL in terms of inputs, outputs, and outcomes..

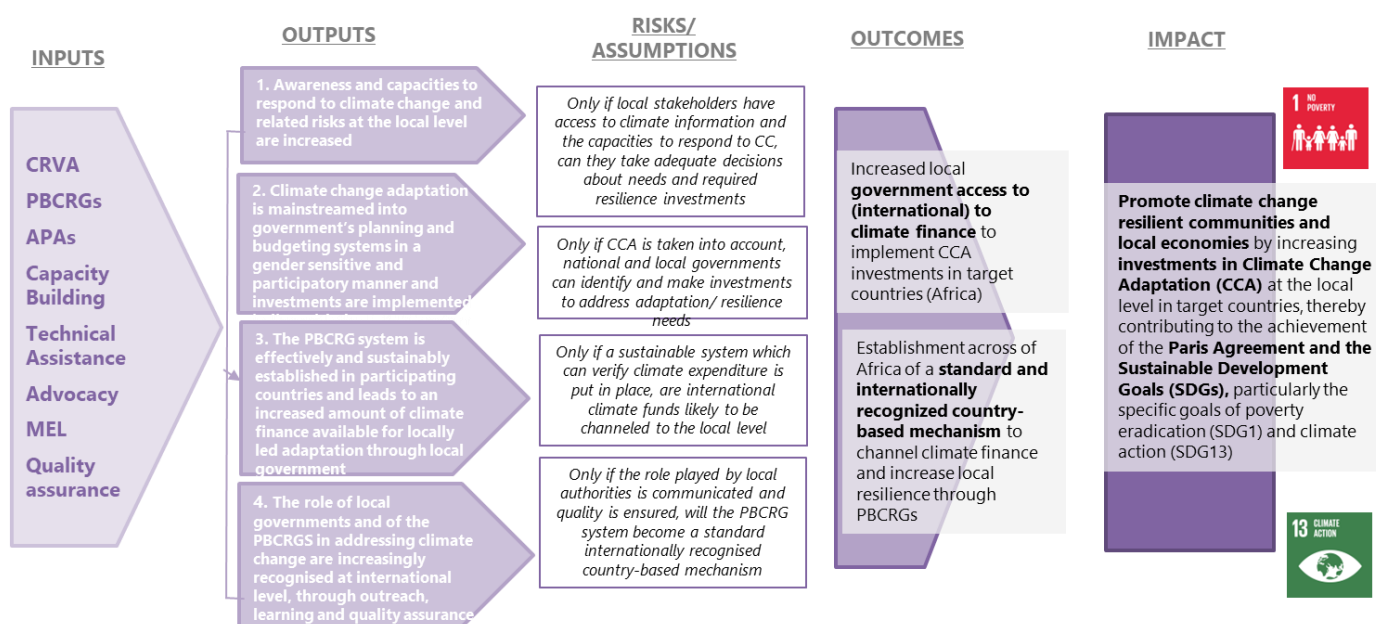


Figure 1: Theory of change

The management structure of the programme will enable monitoring and feedback to be integrated into the programme planning and could enable changes to be made to the programme. This is especially relevant given the transition nature of some of the countries being supported and the presence of fragile and conflict affected situations in which the programme will be working. Overall reporting will follow the LoCAL reporting system, but a specific report will be elaborated annually regarding the Danish support focused on Africa.

Programme		Strengthening locally led climate change adaptation in Africa	
Programme Objective		Strengthened climate adaptive capacity among poor rural communities and local governments in selected LoCAL countries in Africa	
Impact Indicator ⁴³		Number of participating local governments, indirect beneficiaries and participating countries, evidence of climate change adaptation impacts of proposed climate change adaptation investments and interventions in target communities through case studies	
Baseline	Year	2021	322 local governments in 13 countries, accounting for a combined population of over 12.5 million indirect beneficiaries globally.
Target	Year	2026	381 local governments engaged in 30 countries (globally) accounting for a combined population of over 27 million. 226 local governments in Africa in 20 countries accounting for a combined population of over 17 million. At least 4 case studies in Africa.

⁴³ Derived from a combination of indicators I.1,I.2, I.3 and R 3.2 in LoCAL global RRF.

Outcome 1		Local governments in target countries in Africa have increased access to (international) climate finance to implement CCA investments in target countries	
Outcome indicator		% of local governments accessing and deploying the PBCRG, meeting minimum conditions without needs for corrective action	
Baseline	Year	2021	63% of local governments (at least in the 2nd cycle of PBCRG deployment) (global)
Target	Year	2026	67% of local governments (at least in the 2nd cycle of PBCRG deployment) (global and Africa)
Output 1		Awareness and capacities to respond to climate change and related risks at the local level are increased	
Output indicator 1.1.		# of LoCAL national and local officials and community representatives that participated in awareness and capacity building activities disaggregated by sex and subject areas (e.g. CCA technologies for small-scale socioeconomic infrastructure; climate smart agriculture, water and NBS)	
Baseline	Year	2021	11,558 (global)
Target	Year	2026	The target will be determined during inception of the programme.
Output indicator 1.2 ⁴⁴		# of LoCAL assessments (e.g. mapping, studies) on identifying CCA technologies for different sectors.	
Baseline	Year	2021	0
Target	Year	2026	3
Output 2		Climate change adaptation is mainstreamed into government's planning and budgeting systems in a gender sensitive and participatory manner and investments are implemented in line with the PBCRG system	
Output indicator 1.1		% of participating local authorities that have integrated climate change adaptation into their local planning & budgeting processes	
Baseline	Year	2021	93% of local governments (global)
Target	Year	2026	80% of participating local governments (global and Africa) (lower target is justified by the change in proportion of countries – and local governments - in various phases as the portfolio expands)
Output indicator 1.2		Number and value of climate-interventions and investments implemented under the PBCRG system (disaggregated by type – capacity building/equipment/infrastructure and ecosystem-based, sector and ecosystem)	
Baseline	Year	2021	1,983 small-scale climate-resilient interventions financed by LoCAL (global)
Target	Year	2026	At least 2,200 small-scale climate-resilient investments financed by LoCAL (global) – 1,300 in African countries
Output indicator 1.3		% of local authorities deploying the PBCRG that are promoting community-based governance in one or more domains of planning, contracting, monitoring and management for PBCRG investments	
Baseline	Year	2021	54% (global)
Target	Year	2026	80% of local governments (least 2nd cycle of PBCRG deployment) (global and Africa)
Output indicator 1.4		% PBCRG interventions and investments explicitly targeting women	
Baseline	Year	2021	10% (global)
Target	Year	2026	15% (global and Africa)
Outcome 2		LoCAL is established in Africa as a standard and an international country-based mechanism that channels climate finance and increase local resilience (through the PBCRG)	
Outcome indicator		Evidence of the institutionalization of the PBCRG system to deliver on local adaptation objectives in participating African countries through case studies	
Baseline	Year	2021	0
Target	Year	2026	At least 4 cases studies in Africa
Output indicator 2.1		Number of high-level initiatives in Africa referencing UNCDF LoCAL experience in contributing to advance local adaptation action	
Baseline	Year	2021	54 (global)
Target	Year	2026	At least 12 high-level initiatives in Africa

⁴⁴ New indicator under Danish support.

Output indicator 2.2		The PBCRG system is effectively and sustainably established in participating countries and leads to an increased amount of climate finance available for locally led adaptation through to local governments	
Baseline	Year	2021	USD 25 million
Target	Year	2026	Additional USD 93 million
Output indicator 2.3		The role of local governments and of the PBCRGS in addressing climate change are increasingly recognized at international level, through outreach, learning and quality assurance	
Baseline	Year	2021	54 high level initiatives
Target	Year	2026	94 high level initiatives

Table 1: Result framework

Annex 6: Risk Management Matrix

Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
Contextual					
Governments do not continue to prioritize CCA at both central and local levels	Unlikely	Major	Continual and intensive communication, outreach and advocacy with national and local government partners will be the key to ensuring that CCA remains a priority at the country and local government level when other issues, such as economic development, will also be competing for government attention and financing.	Although CCA has remained a priority, in some countries, ministry counterparts, whether charged with environment and climate, or with local governments, have faced challenges in positioning the LoCAL mechanism within government or with DPs.	Countries are selected for participation based on several criteria, including their commitment to CCA and local adaptation
Corruptive practices lead to low quality of the CC adapted investment	Unlikely	Significant	Capacity building on procurement procedures, selection of high-quality materials and robust construction methods as well as regular monitoring and capacity building are in place. TA is also in place in the Ministry of Finance or relevant institution to supervise fiscal transfers.	The risk is virtually eliminated.	Many of the countries that LoCAL works with have a high level of corruption. Experience shows that corruptive practices are particular rampant in the construction sector.
Mounting insecurity and social unrest due to political and economic instability	Likely	Significant	The overall economic and political outlook of countries considered at risk will be closely monitored to anticipate and cope with any disrupting event that can affect implementation of activities. When such events occur, the programme will conduct a review of its implementation modalities to ensure to the extent possible continuity in operations.	The result of the review can be to reprogramme some activities or move to other areas. Therefore, the impact can be major.	Overall security and stability of the country of deployment are beyond the control of the programme.
Environment especially vulnerable to fraud and mismanagement of funds	Likely	Major	Through decentralized technical assistance, local government entities (implementing partners) are assessed to ensure adequate financial management and accountability. More specifically, the LoCAL minimum conditions include as a requirement audits of local governments including PBCRGs and the PMs ensure oversight and control on actual use of PBCRG. Country teams will be adequately staffed to ensure close monitoring on implementation and keep close dialogue with the government.	Impact can be reduced to minor.	Risks increase due to the increased size of the portfolio.
Monetary instability / currency fluctuation	Almost certain	Significant	Continuous dialogue with stakeholders at different levels provide flexibility in adjusting programme interventions. The project should make provision of 5%-10% to cover the loss from exchange rate in all of the Funding Agreements signed with donors.	Impact can be reduced to some extent.	There is a high transaction risk, when the exchange rate changes between the date the price is agreed, and the date payment is made and when transaction is processed in other currency other than USD.

Environmental and climate risks	Unlikely	Major	Local Information Systems on Adaptation (LISA) will be developed to identify socio-economic and environmental vulnerabilities and climate risks and opportunities to be integrated into MMDA planning. A tool to support Locally Led Adaptation (LLA) is in place (ACCAF). Participation and proactiveness to technical working groups is organized at national and UN system level, promoting LoCAL as an effective mechanism to mitigate climate risks and create resilient local economies.		
Programmatic					
The goals of the programme (globally and in country) exceed the financial resources budgeted and/or mobilized. This is due to the risk of “overreaching” demands placed on the programme to take responsibility for securing a wide range of results	Likely	Major	Activities are prioritised and resources made available before committing to the new ones. The LoCAL Global Programme Board will prioritize the activities to be implemented annually, with the approved Annual Workplan. The programme ensures implementation within the approved Annual Workplan. It will also seek additional financial support for new countries and will use the resources under global/regional budget primarily for scoping, design and/or small pilot work (Phase I). New country demands are addressed as part of a dialogue with government, clearly communicating to candidate countries what the programme can support (scoping/design) and the resource mobilization efforts needed under the leadership of the candidate government.	Insignificant to none	The programme is mobilizing more country-earmarked resources. However, as it continues to expand, demands over bigger budgets could continue, but this issue can be managed with sound budget management and dialogue with countries on demand. Governments are required to express interest officially in writing, acknowledging the leadership role of government in resource mobilization.
LoCAL mechanism deployment and investments’ implementation do not lead to adaptation / resilience benefits			The LoCAL mechanism in each country is carefully designed to facilitate and promote greater financing for local adaptation and increase accountability and performance on local climate action. A menu of eligible investments is defined when starting within the country, in close collaboration with in-country stakeholders and in line with NDCs and NAPs. The menu provides a safeguard and is to be interpreted in light of climate risk and vulnerability assessments (CRVA) that are contextualized. The “Assessing Climate Change Adaptation Framework” (ACCAF) developed during the first period of LoCAL (2014-2017) will ensure adaptation benefits are accounted for. The ACCAF requires, among others, that each investment is justified in line with risks and with an adaptation rationale.	Risk reduced to minor	A key objective of the Danish support to LoCAL is that investments are leading directly to adaptation benefits. To ensure that climate change adaptation is the principal objective of the Danish contribution it will be ensured, that the investment menu of the countries supported by Denmark will only include climate specific and climate smart interventions as described above.
Adequate adaptation solutions are poorly	Likely for some sectors	Major in some sectors	Capacity building of LoCAL technical assistance is provided for advising on the CC solutions. Specific Danish support	The risk can be minimized in the short term for the initiatives benefitting from the Danish	Experience shows that specific and integrated solutions for a wide range of sector such as health, education, roads and

developed for project relevant sectors			will help map available solutions and initiate research projects.	support and in the long term from results from to development at the global level.	bridges, buildings etc. are not developed for developing countries or costed. Capacity building for technicians and engineers on adaptation is also poorly developed.
Insufficient operational support for UNCDF country-level implementation	Likely	Major	LoCAL is recruiting two Senior Programme Specialists for the LoCAL Global Team and two additional regional operations analysts to support the expanded programme	Impact will be reduced to minor	The country team relies on the LoCAL Secretariat Team to support in implementation at the country level as needed, and secure funding for Phase II, to avoid extensions and counterparts' dissatisfaction with a programme being understaffed at the management level. In addition, country-based staff are deployed to monitor the investment at the local level.
Implemented investments entail negative environmental and/or social impacts	Unlikely	Major	Ecosystems and socio-economic vulnerabilities are included in the localized climate risk and vulnerability assessments (CRVA). Environmental safeguards and incentives for participation in the planning, execution and monitoring phase are integrated in the design of the PBCRG system (in the form of minimum conditions to access the grants at local level and/or performance measures that influence the score and subsequent year of financial allocation). As countries move from Phase I to Phase II or III, environmental and social opportunities are captured in the design (e.g. job creation, green economy opportunities, etc.)	The risk remains unlikely. Safeguards are in place.	
Institutional					
Insufficient political buy-in at national and international levels	Unlikely	Significant	Constantly contact is maintained with government counterparts as well as establishing partnerships across multiple ministries, at national level. Policies will be regularly revised and monitored in alignment with our current interventions, in particular the country's NDC and NAP. Moreover, specific outreach activities will be proposed and undertaken with governments. A network of LoCAL Ambassadors has been created by the LoCAL Global Programme Board in 2020 to support global advocacy efforts on LoCAL and subnational adaptation finance and action.	Experience shows that with the listed mitigation measures the risk is unlikely or even rare	To date 10 Ministers have committed to become LoCAL Ambassadors and raise ambition for LoCAL nationally and internationally
Political and institutional instability detrimental to implementation of public policies (climate	Almost certain	Significant	With a focus on policies and building the capacity of the system as well as the individuals, any changes in leadership and political direction should not unduly affect the implementation of activities. When changes do occur, the	With the measures implemented the impact can be reduced to minor.	Changes in government institutional arrangements and political agenda are beyond the control of the programme,

change and decentralization)			programme will conduct the review of change (rescoping) and update the project design in order to facilitate/adapt these change processes, as may be needed.		
Misuse of funds by government officials (maladministration, corruption or “clientelism”)	Unlikely	Significant	Ensuring accountability and transparency is a critical issue for UNCDF. Existing PFM processes will be evaluated during the assessment phase to determine if PBCRGs are compatible, and if not, identify support or changes that need to be made to accommodate the PBCRG, placing an emphasis on transparency and accountability mechanisms. The capacity building component of LoCAL will place an emphasis on ensuring that government officials have the capacity to correctly use government systems in order to avoid inadvertent misuse of funds. The MCs/PMs/menu of investment and annual performance assessments combined with TA and capacity building are playing their roles in terms ensuring appropriate use of funds. Regular financial checks and annual performance assessments act as a deterrent to corruption and “clientelism” or identify any misuse of funds at the earliest opportunity. Financial reports received from the authorities must comply with pre-defined quality requirements to secure the disbursement of a next tranche of funds. Good governance and audit results are integrated in the design of the PBCRG system (in the form of minimum conditions to access the grants at local level each year).	The measures can reduce the impact to minor.	Misuse of funds can take place without malicious intent. Often it is a result of a lack of knowledge of capacity to properly use government systems. The use of the PFM system should reduce the risk.
Delays in the flow of funds for example transfer of money from the forex account via the treasury to the district in the PFM occur	Very high	Major	LoCAL will support the planning and budgeting staff in the Ministry of Finance with capacity building needed and will monitor closely the flow of funds. Budget tagging with the correct functional and programmatic codes in the PFM can facilitate the tracking the funds through the system.	With close monitoring, sensitizing and increasing the technical capacity the impact can be reduced to minor or insignificant.	For a variety of reasons Ministries of Finance manage funds available in the PFM systems to meet demands. As State Budgets in the LoCAL countries can be/ are often underfunded temporary gaps and delays in payments can occur.
Capacity to absorb technical assistance and financing (PBCRG) at the local level	Unlikely	Minor	The scoping mission for each participating country will assess local government capacities and establish a ‘baseline’ to determine the nature and type of capacity building activities required, so that each local government has capacity building activities that are tailored to their existing capacities and ability to absorb new information and practices. The capacity to absorb TA at the local level is not an issue in the participating countries, on the contrary there is demand for more support. When it comes to financial		

			absorption capacity of PBCRGs, the design/scoping allows for ensuring additionality of LoCAL funding and average amounts are adequate vis-à-vis regular funding and capacity of LG to execute and spend.		
Government work plans and budgets are not approved in a timely manner	Almost certain	Minor	Improving capacity to ensure the approval process is done in a timely manner is one of the targets of the programme and will be a focus of the country-based technical advisors.	Government work plans and budget-approval timeframes have not (typically) affected the project.	It is anticipated that most local government work plans and budgets will have approval delays, thus delaying implementation.
Government coordination and internal arrangements between ministries may cause delays on the project implementation due to the unclear role on financing locally led adaptation work	Likely	Minor	LoCAL identifies key ministries and agencies involved in the implementation of LoCAL and define clear responsibilities, which are reflected in financing agreements signed with countries when the mechanism is launched and deployed.	With the measure implemented the impact becomes minor.	The clarity between the responsible units within the government can cause delays for the new LoCAL countries or scale up to Phase II/III. LoCAL governance structure in each country (i.e., the LoCAL Technical Committee or equivalent existing body) provide for an opportunity and avenue for inter-ministerial coordination on local adaptation finance/action efforts.
Limited technical capacity of central and sub-national authorities implementing LoCAL	Major	Major	As LoCAL is moving from Phase I to Phase II and III, LoCAL can provide tailored TA and on-the-job support to the central level institutional anchor and to LGs through LoCAL staff in the country and international experts. UNCDF has signed operational support grants to provide capacity building to local counterparts for the use of pertinent national entities/ministries/agencies. In addition, the UNCDF team provides regular assistance, including training to local officials on improved local planning and PFM as well as sensitization of communities on climate change issues to ensure their participation in local decision-making. Close follow-up and monitoring of activities at national and sub-national level is undertaken and any additional capacity building and ad hoc TA needed to achieve the set objectives is reflected into work plans	This list of measures will reduce the risk to minor	

Table 1: Risk Management Matrix

Annex 7: Budget Details

Overall Budget for Danish support to LoCAL			
	LoCAL output		Distribution on outputs (millions in DKK)
Outcome 1	Output 1	Awareness and institutional capacity strengthening	DKK 17,129,938
		P4 Secondment DKK1,620,000	
	Output 2	Mainstreaming CCA and Investments	DKK 50,001,701
		P4 Secondment DKK 3,240,000	
Outcome total			DKK 67,131,639
Outcome 2	Output 3	Establishment and deployment of the PBCRG system	DKK 15,344,090
		P4 Secondment DKK1,620,000	
	Output 4	Outreach, M&E, reviews etc.	DKK 9,570,403
		MTR DKK 1,012,500	
Outcome total			DKK 24,914,493
Unallocated funds			
GMS			DKK 7,363,690
Total			DKK 99,409,822
Levy 1%			DKK 994,098
Grand Total			DKK 100,403,920

Table: Overall budget for Danish support to LoCAL.

Note: Budget for the P4 Secondment is USD 960,000 or DKK 6,480,000; Budget for MTR is USD 150,000 or DKK 1,012,500

Budget notes:

- The budgets factor key variables such as the average size of the PBCRGs per design of the grant system across priority and eligible countries; the number of pilot districts envisaged (e.g. up to 6 in Somalia), cofinancing from other partners in country (e.g. Uganda with Belgium and an EU pledge); foundational work needed in line with priorities of the Danish support (e.g. CRVA) as well the stage of advancement of concept notes and proposals to UNFFCCC financial mechanisms, where countries are supported in transitioning and sequencing sources of finance.
- The overall budget proposal is based on the criteria that as high percentage as possible should be allocated to Outputs 1 and 2 that focus on building adaptive capacity at the local level and deliver on investments. In this project it is 67% as indicated in the table above.
- GMS is a general management service fee and is the cost recovery of the UNCDF as an organization. This goes to UNCDF cooperate budget. It is an indirect cost of the project. This is a fee charged to all non-core development projects.
- In terms of distribution between the geographical focus areas, it is proposed to allocate 15 million DKK to Somalia, 7 million DKK to Uganda and 63 million DKK to the demand driven support for developing LoCAL in different countries across Africa. Should needs increase to achieve the objectives set for Somalia or Uganda, additional funding from the demand driven support may be allocated to Somalia or Uganda. Likewise, should the political context evolve and hinder the achievements of those targets, such case will be brought to the attention of the Danish MFA.
- As co-financing is secured for some of the African countries, the proportion of output 2 should increase, as some of the fixed costs (ex. CRVA, secondment, etc.) are split across a larger number of local governments getting grants. In all instances the aim is to maximise the proportion of the

unallocated funds to output 2, while ensuring the qualitative nature of the work. Considering that the Danish support will contribute mostly to early stage deployment of LoCAL including scoping, design, CRVA and pilots (e.g. Somalia) and/or support the transitioning to phase II, the percentage might be lower than the global average which includes phase 2 and 3 countries where economies of scale are achieved.

- The secondment will be working across all four outputs.

Annex 8: List of Supplementary Materials

- *6th Assessment Report Working Group I – The Physical Science Basis Regional Fact Sheet – Africa*, IPCC, WMO, UNEP
- *ACCAF - A UNCDF LoCAL Framework for Climate Change Adaptation Monitoring and Evaluation*, LoCAL – UNCDF 2019
- *Climate Risk and Vulnerability Assessment (CRVA) for subnational adaptation in Uganda in the scope of UNCDF LoCAL - Lessons Learned*, PPP, 22 February 2022, UNCDF LoCAL
- *Governing Adaptation Finance for Transformation*, Esbern Snare-Hansen et al, Danish Institute for International Studies, 2022
- *LoCAL annual report 2020*, UNCDF
- *LoCAL annual report 2021*, UNCDF
- *OECD DAC Rio Markers for Climate Handbook*, OECD
- *Principles for locally led adaptation A call to action*, Marek Soanes, Aditya Bahadur, Clare Shakya, Barry Smith, Sejal Patel, Cristina Rumbaitis del Rio, Tamara Cogger, Ayesha Dinshaw, Sheela Patel, Saleemul Huq, Muhammad Musa, Feisal Rahman, Suranjana Gupta, Glenn Dolcemascolo and Tracy Mann, IIED Issue Paper, January 2021
- *Strategic Country Programme 2018 – 2023 Somalia, Danish Ministry of Foreign Affairs*
- *TERMS OF REFERENCE Final Evaluation of the Local Climate Adaptive Living Facility (LoCAL)*
- *The World We Share*, Denmark’s strategy for development assistance 2022 – Danish Ministry of Foreign Affairs
- <https://www.unep.org/resources/adaptation-gap-report-2021>

Annex 9: Communication Plan

What? (the message)	When? (the timing)	How? (the mechanism)	Audience(s)	Responsible
1. General information about the programme: its objectives, beneficial countries, expected outputs	Immediately before, at, and after project launch.	<ul style="list-style-type: none"> • Website posts • Press release • Project flyers • Social media platforms • PowerPoint presentations 	<ul style="list-style-type: none"> • Key institutions on CCA • Key institutions on decentralisation • Key global organisations on CCA • Beneficiaries, (local authorities, communities, CBOs) 	LoCAL programme Facility MFA (secondary responsible)
2. Progress made by the Programme	Annually (end of year)	<ul style="list-style-type: none"> • Programme and project progress reports • Field missions • Web articles • Social media • Videos • Banners in local languages 	<ul style="list-style-type: none"> • LoCAL Board • Danida Board • Key institutions on CCA • Key institutions on decentralisation • Key global organisations on CCA • Beneficiaries, (local authorities, communities, CBOs) • Research institutions 	LoCAL programme Facility MFA (secondary responsible)
3. The results and impacts of the programme; lessons learnt from implementation of the programme.	End of programme	<ul style="list-style-type: none"> • Project Completion Report • Project policy briefs • Short video for TV and YouTube • Short podcast • Social media platform posts • Press release 	<ul style="list-style-type: none"> • LoCAL Board • Danida Board • Key institutions on CCA • Key institutions on decentralisation • Key global organisations on CCA • Beneficiaries, (local authorities, communities, CBOs) • Research institutions 	LoCAL programme Facility MFA (secondary responsible)

Table 12: Communication plan

Annex 10 - Summary of recommendations from Appraisal

Title of Project	Danish Support to the Local Climate Adaptive Living Facility: Strengthening locally led climate change adaptation in Africa (2022-2026)
File number/F2 reference	2022-16931
Appraisal report date	25 August 2022
Council for Development Policy meeting date	October 13, 2022
Summary of possible recommendations not followed	
All recommendations have been followed.	
Overall conclusions of the appraisal	
<p>Through a grant of DKK 100 million to the <i>Local Climate Adaptive Living Facility (LoCAL); Strengthening locally led climate change adaptation in Africa (2022-2026)</i>, Denmark will contribute to the critically important process of facilitating channelling of funds to local government led climate change adaptation in selected LDCs in Africa, with particular focus on Uganda and Somalia.</p> <p>The appraisal found Danish support to LoCAL relevant and in line with Denmark's policy priorities formulated in <i>the World We Share</i> and <i>A Green and Sustainable World</i>. LoCAL focusses on financing climate change adaptation (CCA) where it is most needed in LDCs. It addresses the priorities of the Paris Agreement and the Agenda 2030, specifically SDG 13 (Climate) targets but also SDG 1 (Poverty) and SDG 6 (Water), and meets the definition of the Rio Marker for adaptation.</p> <p>Also the geographical focus of the proposed Danish support to LoCAL's work in Africa, with a portion of the budget earmarked to Uganda and Somalia, is found relevant. The budget volume allocated to these two countries should, however, be justified in the project document, and mechanisms for allocating the flexible support to Africa and the unallocated funds should be established. The proposed Danish secondment, with an appropriate profile and mutually agreed job description, could constitute a valuable contribution to LoCAL's programme management capacity.</p> <p>The LoCAL facility has an effective set-up and adheres to the development effectiveness agenda in using national fiscal transfer systems to allocate funds to the local level, and by strengthening local planning and implementation capacity for investments in climate resilience. On these grounds the Appraisal Team (AT) finds that the UNCDF LoCAL initiative presents good conditions for achieving effectiveness and sustainability.</p> <p>Having pointed out the merits of aligning to and thereby strengthening domestic systems, it should also be recognized that the reliance of LoCAL's implementation model on national fiscal transfer systems and local procurement might imply some associated risks to e.g. timely transfer to and correct use of funds</p>	

<p>at the local level. The AT finds, however, that the potential impact of such risks is significantly reduced by LoCAL’s safeguard measures and, not least, its performance-based grant approach, which means that funds are only released based on past compliance.</p> <p>The overall conclusion of the appraisal is that the proposed project is <i>recommended for approval with some adjustments</i> taking the recommendations of this report into consideration.</p>	
Recommendations by the appraisal team	Follow up by the responsible unit
<p><u>Recommendation 1:</u> In the justification, bring out more clearly the fundamental rationale of LoCAL, which is to increase local access to international climate finance using the UNCDF performance-based grant system and, based on this, describe the comparative advantages of supporting LoCAL from a Danish perspective.</p>	<p>The justification section has been revised to put more emphasis on the rationale and comparative advantage of LoCAL</p>
<p><u>Recommendation 2:</u> In the justification, highlight LoCAL’s HRBA including empowerment of local decision-making, promotion of community participation and gender sensitive interventions and monitoring.</p>	<p>In the justification section a dedicated subsection on LoCAL gender responsive and participatory engagement processes including several country examples have been included</p>
<p><u>Recommendation 3:</u> The Danish project document should align to LoCAL’s own Theory of Change, results framework and monitoring system. Instead of formulating specific Danish outcomes/outputs and indicators it should be explored with LoCAL how an emphasis on water, agriculture and nature-based solutions can be ensured in reporting to the MFA.</p>	<p>Theory of Change and results framework revised to be aligned with LoCAL. The support from Denmark is reported using the format for LoCAL’s annual global report, however focused on Africa and with a specific thematic focus on support related to water, agriculture and nature-based solutions.</p>
<p><u>Recommendation 4:</u> Substantiate the choice and capacity of UNCDF LoCAL as a partner in the main text of the project document (i.a. by highlighting UNCDF’s longstanding experience of channeling local level performance-based grants through national systems and LoCAL’s specific experience in e.g. identifying local climate adaptation investments with a participatory approach). Prepare Annex 2 (“Partner Assessment”)</p>	<p>See response to recommendation 1 above. Annex 2 has been revised to be fully aligned with the AMG format for partner assessments.</p>

according to the AMG format for partner assessments.	
Recommendation 5: Justify better the Secondment to LoCAL in the project document and clarify the key functions and expected contributions outlined in the draft Job Description (Annex 4) in close consultation with LoCAL management to ensure ownership.	Justification of the secondment and expected roles and responsibilities has been included in the main text (section 6) and the draft ToR have been revised based on close dialogue with LoCAL management.
Recommendation 6: Include into the project document Section 2.4 considerations on LoCAL's relations with other partners and actors at global and national/local level and, especially for Uganda and Somalia, outline opportunities for active development partner coordination and synergies with Danish bilateral programmes.	A separate subsection (2.4) has been developed to describe LoCAL's relations with other partners and actors at global and national/local level.
Recommendation 7: Clarify in the project document how monitoring and reporting on the funds earmarked to Uganda and Somalia will be done and define criteria and procedures for allocation of and reporting (financial and results reporting) on the flexible part of Denmark's support to LoCAL's work in Africa (e.g., an annual proposal for allocations could be presented to the MFA around the presentation of the LoCAL workplan to the Board).	Danish funds as well as funds earmarked for Uganda and Somalia can be reported financially separately. Text has been included in section 8 on the process for allocation of the flexible/demand-driven part of the Danish support
Recommendation 8: Present a budget overview table based on outcome areas in the project document Section 6 and provide separate budget lines for the LoCAL administration fee, the proposed Secondment, and a Mid-Term Review (or contribution to a joint review). Reconsider the need for an "unallocated" budget line in addition to the flexible budget element for use in Africa.	Done. Unallocated funds has been removed and is included as part of the demand driven support for developing LoCAL in different countries in Africa
Recommendation 9: Replace the risk management matrix in the project document Annex 6 with (a selected part of) LoCAL's own risk management matrix adapted to the AMG format, add specific Institutional Risks for the Danish support, and include a brief narrative summary of all risks and	Done. The risk management matrix has been replaced with LoCAL's own risk matrix and institutional risks have been included. A brief summary including key risks and LoCAL's

risk monitoring in Section 9 of the project document.	overall ability to mitigate risk has been inserted in the main text.
Recommendation 10: As part of the considerations in Section 10, present a brief analysis of LoCAL’s funding situation and sustainability prospects, including contributions from other donors and reflections on possible future continuation or exit of Danish support beyond the currently proposed 4-year funding period.	A brief analysis has been included containing LoCAL’s funding situation and sustainability prospects, including potential contributions from other donors as well as the outline of the process for potential additional contribution from Denmark.

I hereby confirm that the appraisal team has identified the above-mentioned issues and provided the corresponding recommendations as stated above to be addressed properly in the follow-up to the appraisal.

Signed in.....Copenhagen..... on the ...25.08.2022.....

Silke Mason Westphal

Appraisal Team leader/ELK representative

I hereby confirm that the responsible unit has undertaken the follow-up activities as stated above. In cases where appraisal recommendations have not been accepted, reasons for this are given either in the table or in the notes enclosed.

Signed in.....Copenhagen..... on the.....26.09.2022.....

Karin Poulsen

Head of Unit/GDK

Annex 11: Process Action Plan

Activity	Deadline
Desk assessments and kick-off meeting	February 7 - 17
Conducting first round of interviews and potentially workshops	February 17 - 28
Mission to one UNCDF LoCAL recipient country in Africa	March
Writing of programme document and follow up dialogue with UNCDF LoCAL staff	March-April
Submit draft programme document to the programme committee	May 17
Draft programme document presented to the programme committee	June 9
Development of programme document based on comments received from the programme committee	June 10 - 30
Appraisal	July-September
Submit final programme document to the Danish MFA Council for Development Policy	September 26
Presentation to the Danish MFA Council for Development Policy	October 13
Documents submitted for the Finance Committee	October
Signing of cooperation agreement with UNCDF	Early November
First disbursement	November 15