

# Strengthening locally-led climate change adaptation in Africa 2023-2026

## Key results:

- Local government 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.
- 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:

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. The project will support UNCDF's Local Climate Adaptive Living Facility (LoCAL) in building local climate change adaptation in selected African countries. The project is aligned with the Principles of Locally-led Adaptation endorsed by Denmark ahead of COP26.





## Major risks and challenges:

The main risks which all have effective mitigation measures 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 across climate sensitive sectors

<b>File No.</b>	2022-16931					
<b>Country</b>	Africa					
<b>Responsible Unit</b>	Green Diplomacy and Climate (GDK)					
<b>Sector</b>	Climate Change Adaptation					
<b>Partner</b>	UNCDF					
<i>DKK million</i>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>20xx</b>	<b>Total</b>
<b>Commitment</b>	50	50				100
<b>Projected disbursement</b>	28	32	27	13	-	100
<b>Duration</b>	4 years					
<b>Previous grants</b>	None					
<b>Finance Act code</b>	06.34.01.70					
<b>Head of unit</b>	Karin Poulsen					
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<b>Reviewed by CFO</b>	YES: Rasmus Tvorup Ewald					

## Relevant SDGs

 No Poverty	 No Hunger	 Good Health, Wellbeing	 Quality Education	 Gender Equality	 Clean Water, Sanitation
 Affordable Clean Energy	 Decent Jobs, Econ. Growth	 Industry, Innovation, Infrastructure	 Reduced Inequalities	 Sustainable Cities, Communities	 Responsible Consumption & Production
 Climate Action	 Life below Water	 Life on Land	 Peace & Justice, strong Inst.	 Partnerships for Goals	

## Strategic objectives

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

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

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

## Justification for choice of partner:

UNCDF has more than 10 years experience with implementing the 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:

The Danish support will contribute to building climate resilience through implementation of LoCAL in Africa. The Danish contribution will support LoCAL on three different levels. Firstly, it will support at the overall level the consolidation of the LoCAL methodology and further development of methodologies to assess resilience and climate change adaptation at the local level among both the communities and the local authorities. Secondly, it will support the development of the countries in progressing from the design phase to the consolidation and upscaling phases and thirdly, it will support the building of resilience in selected countries through capacity building of local authorities and communities and the planning and execution of climate adapted small scale investments.

## Budget (engagement as defined in FMI):

Engagement 1 – the development project	85 DKK million
Engagement 2 – auxiliary activities, such as advisors, M&E and reviews	7 DKK million
Engagement 3 – delivery fee	8 DKK million
<b>Total</b>	<b>100 DKK million</b>

**Danish Support to the Local Climate Adaptive Living Facility**

**Strengthening locally-led climate change adaptation in Africa**

**(2022-2026)**

*Draft version*

*Project document for the programme committee*

**Ministry of Foreign Affairs of Denmark**

**May 2022**

## List of Acronyms and Abbreviations

ACCAF	Assessing climate change adaptation framework
AR6	IPCC's 6 <sup>th</sup> assessment report
CRVA	Climate Resilience and Vulnerability Assessment
ENABEL	Belgian Development Cooperation
GCF	Green Climate Fund
GDK	Green diplomacy and climate
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
PBCRG	Performance-based climate resilience grants
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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# 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. 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 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 UNCDF's programme LoCAL - Local Climate Adaptive Living Facility – as agreed between the parties: **The UN CAPITAL DEVELOPMENT FUND (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 documentation<sup>1</sup> for the supported intervention, which is LoCAL – the Local Climate Adaptive Living Facility. See also list of documents consulted in Annex 7.

## 2 Context, strategic considerations, rationale and justification

### 2.1 Africa and climate change

The African continent is projected to warm faster than the rest of the World according to IPCC's 6<sup>th</sup> Assessment Report (AR6) from 2021. With high confidence AR6 confirms that mean temperatures and hot extremes have already emerged above natural variability, relative to 1850–1900, in all land regions in Africa, marine heatwaves<sup>2</sup> have become more frequent since the 20<sup>th</sup> century around Africa and relative sea level has increased at a higher rate than global mean sea level around Africa over the last 3 decades.<sup>3</sup> These trends are projected to continue with global warming in the 21st century.

There are wide differences between the regions in Africa. The figure below<sup>4</sup> shows the observed and projected changes for some of the regions in Africa which document that the continent with high confidence will experience a 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

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

<sup>2</sup> 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

<sup>3</sup> 6<sup>th</sup> Assessment Report Working Group I – The Physical Science Basis Regional Fact Sheet – Africa, IPCC, WMO, UNEP

<sup>4</sup> Adapted from the Regional Fact Sheet Africa, IPCC.

flexible approach to adaptation that considers the regional and local observed and projected changes and the capacity to apply adaptation solutions.

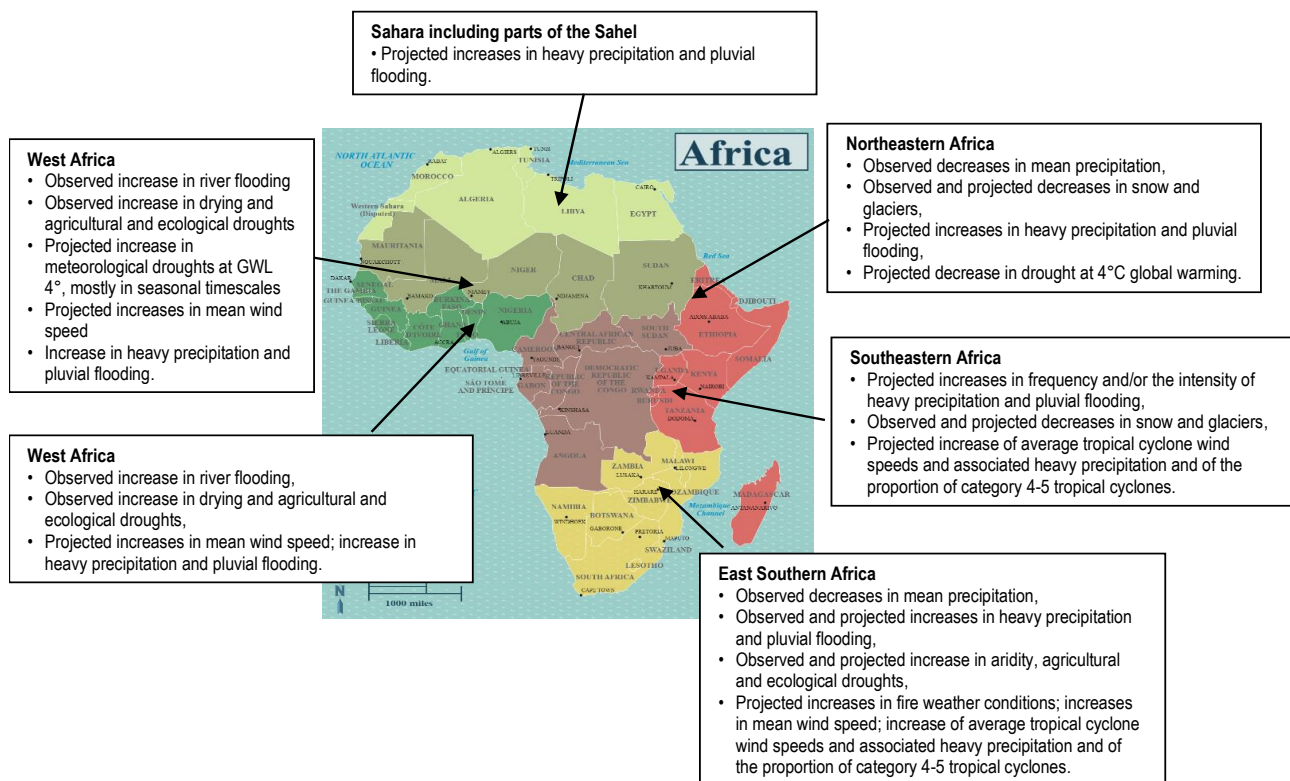


Figure 1: Observed and projected changes for some of the regions in Africa

Countries in Africa are in general more vulnerable to climate change due to a lower capacity to adapt to these changes. 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.

## 2.2 Brief summary of issues to be addressed

Tropical and sub-tropical zones like the African continent as shown above are some of the areas where climate change will be most severe and impacts are very different 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 states 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 because its 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 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.

Some of the areas most affected by climate change are also areas that area the poorest in the World such as arid and semi-arid areas in Africa, remote coastal areas with high population density and small island development states (SIDS). Access to clean drinking can be seriously challenged in such areas because of decrease in precipitation, sea level rise that leads to saltwater intrusion and pollution from various sources of streams, lakes, and aquifers. To get access to clean drinking water, it may then med more needed to drill deeper and install desalinization equipment which turns the investment much more expensive.

The decrease and the unpredictability of rainfall has a direct impact on the food production of poor families in Africa where agriculture is predominantly rainfed and where 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.

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

**Type of Adaptation Action:**

**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

**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

**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

**CCA capacity and awareness building:** Efforts to educate, train and/or promote behavior change with regards to climate Change

**Climate complementary** Actions or interventions which are not specific to climate change, but loosely relate to underlying drivers of climate vulnerability.

*Figure 2 Source: UNCDF LoCAL ACCAF*

The Danish support for local climate responses will primarily go to climate specific and climate smart actions but also to CCA capacity and awareness building (See figure 2). 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 nexus approach using nature-based solutions and making sure that the interventions are implemented in harmony with protection of valuable natural resources and ecosystems.

### 2.3 Context and relevance

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.<sup>5</sup> The specific focus of LoCAL to provide increased financing for climate change adaptation addresses directly the issues highlighted by the Adaptation Gap Report<sup>6</sup> 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

<sup>5</sup> Preliminary study by CarbonAfrica in 2021 in Mozambique showed this. There are probably other sources that can confirm that.

<sup>6</sup> <https://www.unep.org/resources/adaptation-gap-report-2021>



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.<sup>7</sup>

LoCAL has expanded considerably in the past years from engagement in 14 countries<sup>8</sup> in 2014 to 30 countries presently. The majority e.g., 20 are in Africa but also one in the Caribbean, four in the Pacific and., five in Asia. In 2021, LoCAL was working with 322 local governments in 13 countries, accounting for a combined population of over 12.5 million (See figure 3). The rest of the countries are in scoping or design phases. Since its start in 2011 LoCAL has mobilized more than 124 million USD from partners, own resources and funding from governments.

The mid-term review of LoCAL found 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*. Furthermore, *“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”*

## 2.4 The LoCAL objectives and priorities

### Introduction

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.<sup>9</sup>

grants in many LDCs. LoCAL has expanded considerably in the past years from engagement in 14 countries<sup>10</sup> in 2014 to 30 countries at the end of 2021. The majority e.g., 20 are in Africa but also one in the Caribbean, four in the Pacific and, five in Asia. In 2021, LoCAL was working with 322 local governments in 13 countries, accounting for a combined population of over 12.5 million (See figure 3). The rest of the countries are in scoping or design phases. Since its start in 2011 LoCAL has mobilized more than 124 million USD from partners, own resources and funding from governments. 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 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.

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<sup>7</sup> 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.

<sup>8</sup> Bangladesh, Benin, Bhutan, Cambodia, The Gambia, Ghana, Lao PDR, Lesotho, Mali, Mozambique, Nepal, Niger, Tanzania and Tuvalu. The program in Lao PDR was closed in 2017 after phase I.

<sup>9</sup> 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

<sup>10</sup> Bangladesh, Benin, Bhutan, Cambodia, The Gambia, Ghana, Lao PDR, Lesotho, Mali, Mozambique, Nepal, Niger, Tanzania and Tuvalu. The program in Lao PDR was closed in 2017 after phase I.

A mid-term review of the LoCAL programme period 2014 – 2018 was carried out covering the first three-year 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 recommendation 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”.*<sup>11</sup>

Following up on the recommendation from the mid-term review on reinforcing the performance on climate change adaptation, UNCDF LoCAL has 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 be ready in July 2022.

#### *The LoCAL methodology and approach*

The purpose 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:

- Output 1 – Awareness of and capacities to respond to climate change and related risks at the local level are increased
- 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 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
- Output 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<sup>12</sup>.

It is based on the following key elements:

- Support to decentralized climate change adaptation through capacity building of local government and communities and financing of small-scale climate-proof socio-economic infrastructure.
- Channeling of funds in alignment or through already existing national fiscal transfer systems.

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<sup>11</sup> Mid-term evaluation UNCDF’s LoCAL climate adaptive living facility, Baastel, March 2018, p9

<sup>12</sup> This formulation of from the LoCAL prodoc which is under revision.

- Performance based grants based on an annual assessment of progress in achieving agreed indicators on i.e., strengthening decentralization, transparent and inclusive governance at the local level and integration of climate change in local planning and budgeting.

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. 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 roll-out of LoCAL 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 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 as SMART agriculture, water and NBS. 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 in figure 2.

## 2.5 Relations to other partners and actors

The Ministry of Foreign Affairs will liaise with the main donors to LoCAL like the EU, Sida and the Belgian Cooperation including through participation in the LoCAL Board and newly established annual donor coordination meeting (EU/EU MS meeting). During the field visit for the preparation of this project document, the Ministry of Foreign Affairs 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 programme's 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.

The World Bank has recently launched the Financing Locally led Climate Action Programme (FLLOCA Programme) of 150 million (loan finance) in Kenya. Apart from the World Bank, the project also receives support from Denmark and Sweden. The objective is to deliver locally led climate resilience actions and strengthen county and national governments' capacity. The project has six components that apart from the local level support to community-led climate adaptation also includes capacity building at the central level, technology transfer and MRV. Low-emission climate resilience actions will be financed through a conditional grant following a facilitated process. The process will begin with participatory climate risk assessments of counties that identify, estimate, map, and rates climate change risks and other hazards. Based on the assessments and communities' own knowledge and risk management strategies, communities with technical support will prioritize local climate actions.

The FLLoCA programme is derived from the National Climate Change Action Plan (NCCAP) and aims at building up capacity of the counties to strengthen local resilience to the impact of climate change, natural hazards, and other shocks/stressors by building the country's capacity to plan, implement, and monitor resilience investments in partnership with County Governments and communities. It targets all 47 counties, including urban, peri-urban, and rural communities within the counties for a period of 10 years (2020-2030). The project makes use of performance-based grants (originally designed by UNCDF in the nineties and scaled up across the World by WB) through a dedicated climate window. Denmark supports this programme financially.

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 CC issues, to implementation and management of 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. In Mozambique, LoCAL organized a series of district-level workshops on participatory and gender-sensitive adaptation planning, engaging actively local civil society organizations and NGOs. 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 CSO 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.

## 2.6 Strategic considerations and Danish interests

The Danish strategy for development cooperation *The World We Share* was launched in June 2021<sup>13</sup>. 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

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<sup>13</sup> THE WORLD WE SHARE Denmark's Strategy for Development Cooperation, Ministry of Foreign Affairs of Denmark, Danida. In Danish it is *Fælles om Verden*.

- Strengthen biodiversity and promote nature-based solutions
- Support climate-smart agriculture and sustainable food systems.

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 developed and most vulnerable countries.<sup>14</sup>

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 20 out of 30 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 Adaptation<sup>15</sup>, which Denmark endorsed ahead of COP26.

The Danish support to LoCAL will be financed under the Danish Climate Envelope. The Climate Envelope was established in 2008 as a mechanism for channeling Danish dedicated climate funding to support mitigation and adaptation activities in developing countries. 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.

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<sup>14</sup> The Government's reform of the Danish Development Aid (2021)

<sup>15</sup> <https://www.wri.org/initiatives/locally-led-adaptation/principles-locally-led-adaptation>

## 2.7 Summary of justification

A justification of the programme design against five quality criteria is given in the table below:

Criteria	Justification
Relevance	<p>The programme 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 programme 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.</p> <p>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 programme 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 programme 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>
Sustainability	<p>The project design is justified from the viewpoint of sustainability because LoCAL has a long-term vision as a programme that will stay. 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.</p>

### 3 Project Objective

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.”*

### 4 Theory of change and key assumptions

Theory of Change with associated key assumptions is included in annex 4. These assumptions are also presented as risk in the risk management matrix in annex 5 together with their respective mitigation measures. The Theory of Change follows the programme structure of LoCAL in terms of inputs, activities, and outputs but with two adjusted outcomes, which in particular focus on the capacity of the local government in cooperation with communities to build climate resilience through climate adapted investments. This change in outcomes has been agreed in consultation with the LoCAL Facility at UNCDF and aims at more direct consideration of the Danish strategic priorities.

The change logic is that with the inputs of performance-based climate resilience grants combined with technical assistance, which is delivered in the form of institutional strengthening and capacity building, incentives based on performance assessments to construction of climate change adapted basic socioeconomic infrastructure combined with including for monitoring and gathering of lessons and good practices, will on the one hand increase the capacity of local governments to manage funds and integrate climate change into plans and budgets, manage and execute funds and work with and for the communities. On the other hand it will build resilience of the communities who will have increased access to e.g. clean water, robust infrastructure for education, health and transport and better conditions for agriculture production as well as more sustainably use natural resources, while being empowered in local decision-making. This will lead to the impact of resilient communities that are less vulnerable and have more ability to adapt to the impacts of climate change.

Part of the capacity building is proposed to enhance the capacity strengthen of LoCAL in-country (local) government counterparts and communities staff on climate change adaptation and integration of both innovative and indigenous adaptation solutions in the basic socioeconomic infrastructure planning and investments. This capacity building will be underpinned by mapping exercise and studies/ collection of good practices and innovative solutions as well as a secondment of a Danish specialist to LoCAL.

### 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 based on the LoCAL result framework, but the outcomes are formulated differently to reflect the strong focus on climate change adaptation which from a Danish funding perspective in this context is more important than the decentralisation perspective and mobilising financing of. The two outcomes are also formulated to reflect that. For outcome 1 the output indicators are the same as for output 2 in the LoCAL framework except for number 1.6 which is new and particularly in nature-based solutions (NBS). Outcome 2,



which will be measured at the global level and not on country reflect the Danish support to strengthening the LoCAL Facility and of the international country-based LoCAL Mechanism focusing on the CCA capacity of the technical assistance given by LoCAL.

The management structure of the programme (described above in Chapter 4) 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 results framework is included in annex 4.

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 <sup>16</sup>		Number of participating local governments, indirect beneficiaries and participating countries	
Baseline	Year	2021	322 local governments in 13 countries, accounting for a combined population of over 12.5 million indirect beneficiaries globally
Target	Year	2025	
Outcome 1		Local governments in selected countries in Africa have the capacity to manage climate finance and strengthening climate resilience of communities through building small scale adapted investments	
Outcome indicator <sup>17</sup>		Number and percentage of participating local governments meeting minimum conditions without needs for corrective action	
Baseline	Year	2021	186 (63%) (global)
Target	Year	2025	
Outcome 2		LoCAL is strengthened as an 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 investments.	
Outcome indicator <sup>18</sup>		Evidence of climate change adaptation impacts of proposed climate change adaptation investments and interventions in target communities through case studies	
Baseline	Year	2021	0
Target	Year	2025	

## 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.

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

<sup>16</sup> Derived from a combination of indicators I.1 and I.2 and R 3.2 in LoCAL global RRF.

<sup>17</sup> Indicator R 1.4 in LoCAL global RRF.

<sup>18</sup> Indicator I.3 in LoCAL global RRF.



compliance with the agreement and with due consideration to economy, efficiency and effectiveness in achieving the results intended. Outcome-based budget is included in annex 6.

## 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.

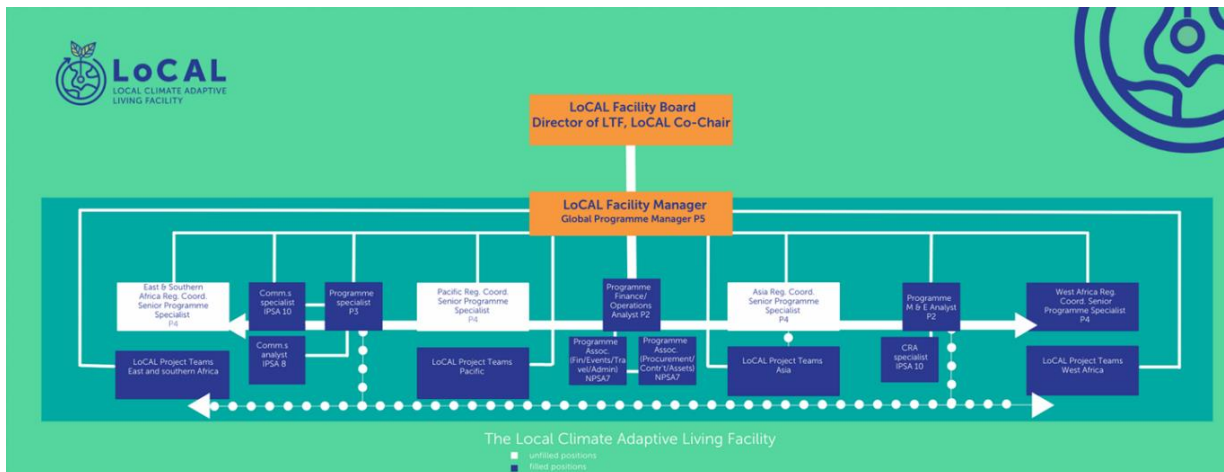


Figure 2: LoCAL organigram as of end 2021

UNDP procedures apply in relation prevention and addressing matters of child labour, 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.

## 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.

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

## 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 Fraud and Corrupt Practices**

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. But 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 project 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. External reports always need to follow LoCAL/UNCDF's branding standards and will be uploaded on the project 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's 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's at mid-year. Ambitious but achievable AWP's 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.

### **Financial reporting**

Atlas (UNCDF/UNDP ERP)<sup>19</sup> is the source of data used for financial reporting purposes. 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 project board. With regards to grant reporting, detailed reporting on grants and quality assurance requirements are defined in the MoU or LoA signed with governments.

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<sup>19</sup> This will be replaced by Quantum as of July 2022

### 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

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.

Further details are included in the risk management matrix in annex 5. 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.

## 10 Closure

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. It will also include a timeframe of the formal closure consisting of three steps:

- 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.

## Annexes

### Annex 1: Context analysis

To be developed.

## Annex 2: Partner Assessment

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.<sup>20</sup>

LoCAL has expanded considerably in the past years from engagement in 14 countries<sup>21</sup> in 2014 to 30 countries at the end of 2021. The majority e.g., 20 are in Africa but also one in the Caribbean, four in the Pacific and, five in Asia. In 2021, LoCAL was working with 322 local governments in 13 countries, accounting for a combined population of over 12.5 million (See figure 3). The rest of the countries are in scoping or design phases. Since its start in 2011 LoCAL has mobilized more than 124 million USD from partners, own resources and funding from governments. 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 33 million USD.

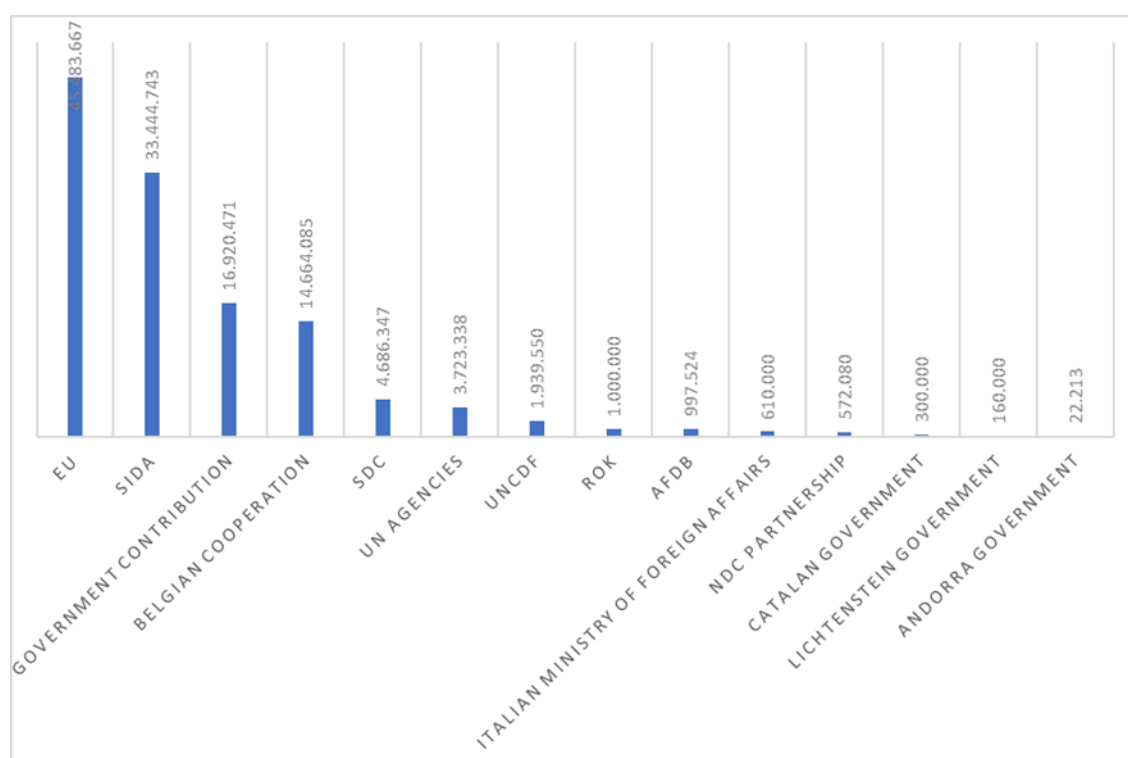


Figure 1 Mobilised funds to UNCDF LoCAL - TOTAL USD 124.524.018

<sup>20</sup> 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

<sup>21</sup> Bangladesh, Benin, Bhutan, Cambodia, The Gambia, Ghana, Lao PDR, Lesotho, Mali, Mozambique, Nepal, Niger, Tanzania and Tuvalu. The program in Lao PDR was closed in 2017 after phase I.

As seen in figure 3 about 80 million USD have been invested from 2014 - 2020 at the country-level together with the approximately 17 million USD of government contributions. About 27 million USD have been applied from the global level.

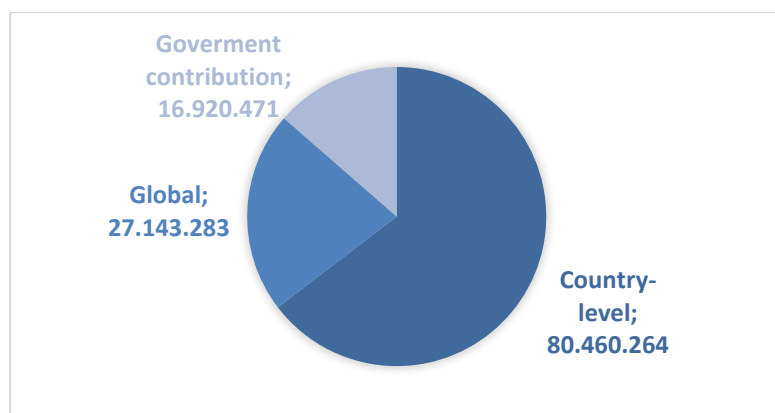


Figure 2 Distribution of LoCAL funds between global and country-level and government contribution to country-level. Source: LoCAL Facility

A mid-term review of the LoCAL programme period 2014 – 2018 was carried out covering the first three-year 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 recommendation 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”*.<sup>22</sup>

An evaluation is underway which started in the last quarter of 2021 and be ready in July 2022.

In countries that are interested in working with LoCAL a scoping exercise is carried out first to find out how the decentralisation system works, how the fiscal transfer systems work and what are the countries objectives in its NDC and national climate change strategies including NAP. Based on these findings it is assessed if and how LoCAL can function in the country to supported decentralised climate change adaptation. After that will follow the design phase were the initial local governments to benefit are identified, as is the fiscal transfer system to channel the funds and the investment menu is elaborated.

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 has entered a national roll-out as phase III requires.

<sup>22</sup> Mid-term evaluation UNCDF’s LoCAL climate adaptive living facility, Baastel, March 2018, p9





Figure 3 The 29 countries that are presently engaged with UNCDF's LoCAL. (This map will be replaced with the latest where the 30<sup>th</sup> country Tunisia is included)

As can be seen in the table in annex 3 the decentralised structures and fiscal transfer systems are very different from country to country. The PBCRG are channelled through existing fiscal transfer systems whether this being through a fund or through the national treasury. LoCAL must be highly agile and flexible in order to find ways in cooperation with the government to channel the PBCRG to the local governments and to set up investment menus that are aligned with the national priorities.

LoCAL operates through PBCRGs, which consist of a financial top-up to cover the additional costs of making investments climate resilient and/or of additional investments for climate change adaptation (Figure 1.2). These grants complement regular allocations made by the central level to local governments through the respective intergovernmental fiscal transfer system. Their technical features include a set of minimum conditions, performance measures and a menu of eligible investments. The PBCRG can be seen as an earmarked crosssectoral 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.

Performance of local authorities' operations is appraised on an annual basis. This assessment determines the degree to which additional resources have been used efficiently and effectively to perform core functions and promote adaptation to climate change; audits are undertaken as part of the regular national process. Lessons are learned, and systems and procedures are gradually improved. The performance results inform the PBCRG allocations for the subsequent year based on a pre-agreed formula and priority capacity building interventions designed to address weaker performance areas. This strengthens local authorities' incentives for continuous performance improvement and targeting of the most-needed adaptation interventions. A new cycle starts, based on refinement of previous cycles.

In some cases i.e., in Mozambique LoCAL finances most or the whole investment in socio-economic infrastructure with the PBCRG and a regular development assistance grant because the government is not able to provide the core funds for the development part of the investment.

This may also be one of the reasons why the mid-term review in general found that *“LoCAL is particularly relevant on the decentralisation front, with room for improvement on the adaptation front.”* and that *“In general, the structure of Minimum Conditions (MCs), Investment Menu (IM) and Performance Measures (PM) assessed annually (APA) tends to be weaker than would be required on adaptation to adequately steer investment decisions in favour of increased resilience.”*<sup>23</sup> It was therefore recommended 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.”*<sup>24</sup>

An investment menu (positive items) lists common types of activities eligible for financing. Activities not on this list may be proposed for financing and will be considered on a case-by-case basis to determine whether they meet the general criteria. Each country has its own investment menu because climate change poses different risks in different countries, and the roles and responsibilities of local authorities vary from country to country. Thus, the interventions or sectors which make the most sense for a given country also depend on how the local authority is structured relative to the central government. LoCAL provides guidance which supports keeping the investment menu flexible, as well as helping to weed out interventions which do not have a clear CCA justification.

Development interventions which do not really address any specific climate change risk or build adaptation to climate change specifically are excluded from the investment menu as are also environment interventions which do not demonstrably advance adaptation aims.

In relation to the fitting of the Danish contribution, the investment menu is an important tool for securing a high level of alignment with the Danish priorities for CCA and the governments priorities (e.g. NDCs, NAPs) in the different beneficiary countries.

The projects to be implemented are selected on the basis of the investment menu, localised CRVA and participatory and gender-sensitive planning with local government and the communities. These processes will differ from country to country. LoCAL provides capacity building and training for the different stakeholders on various topics during the process.

One of the tools that have been strengthened following the recommendation from the mid-term review is the localized CRVA.

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<sup>23</sup> Mid-term evaluation UNCDF’s LoCAL climate adaptive living facility, Baastel, March 2018 p10.

<sup>24</sup> Ibid p12.

**ACCAF – Assessing Climate Change Adaptation Framework**

ACCAF is built up of nine building blocks (BB). In practice the assessment is done using the ACCAF data tracker which is an Excel sheet to capture the monitoring data for the different building blocks:

**Step 1: Conduct/review climate risk assessment**

BB1 Climate Risk Assessment Guidance

**Step 2: Integrated adaptation into local development plans and budgets**

BB2: Climate-risk informed investment menu

BB3: Local governments adaptation priorities

**Step 3: Select and implement interventions**

BB4: Intervention adaptation rationale

BB5: Intervention outcome indicators

BB6: Intervention primary output indicators

**Step 4: Appraise local governments' performance**

BB7: Adaptation specific performance measures

**Step 5: Capacity building**

BB8: Adaptation sub-score.

Evaluations are also part of ACCAF as a ninth's building block.

These are the first step in the Assessing Climate Change Adaptation Framework (ACCAF). ACCAF has been developed in a partnership with WRI from 2019 – 2021. It joins all the pre-existing tools of LoCAL in one comprehensive framework that is particularly strengthened to secure climate change adaptation. LoCAL has been working with localising climate risk and vulnerability assessments (CRVA) to the local level. The first localised CRVA was elaborated for Ghana, followed by Niger, São Tomé e Príncipe, Mali and Uganda, with other related exercises undertaken in e.g. The Gambia. The latest CRVA in Uganda was finalised in November 2021 and took about 12 months to carry out

One of the biggest challenges to localised CRVA is the availability of and the procedures on sharing and management of data. In many cases the relevant data are not available for the local level, there are

differences in the culture on sharing data between sectors i.e., in Burkina Faso, Mozambique and Uganda meteorological agencies sell their data. Data are also dispersed in various locations instead of being centrally available. Ownership especially among government institutions can be an issue and awareness raising and capacity building is essential along the way.

As can be seen in box above the next building blocks are development of the investment menu and the identification of the local government particular priorities which is followed by step 3 of selecting the interventions to be implemented which follow an intervention logic of rationale, outcome and outputs. After the implementation follows the performance assessment that is combined with capacity building customized to the score of the local government.

The table below summarizes the main results of LoCAL in 2019 and 2020 distributed on output areas. The table also shows how much has been invested in each output area.

Output	Main results	Cumulative financial execution (2019-2020)
<b>1. Awareness and capacities</b>	252 local authorities 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 authorities' 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
<b>2. Mainstreaming and investments</b>	In 2020 LoCAL financed 595 climate change adaptation interventions through PBCRG. The total of small-scale climate-resilient	15.2 Mio USD (10.5 as PBCRG)

	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.	
<b>3. Financing mechanism</b>	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).	3.4 Mio USD
<b>4. Outreach, learning and quality assurance</b>	Participation in high-level initiatives, initiating the process for developing LoCAL into an international standard, engaging in partnerships for learning and knowledge sharing	2.9 Mio USD

*Table 4 Overview of the financial execution per output and the main results achieved in 2019 - 2020*

## UNCDF

The United Nations Capital Development Fund 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. In 2021 it developed a new strategic framework for the period 2022-2025. UNCDF is part of UNDP strategic plan.

## Partnerships

Following up on the recommendation from the mid-term review on reinforcing the performance on climate change adaptation, UNCDF LoCAL has further developed and/or entered in different strategic partnerships.

## World Resources Institute

After the mid-term review LoCAL entered in partnership with the World Resources Institute (WRI) to develop different tools e.g., the Assessing Climate Change Adaptation Framework which is the tool to monitor the degree to which the LoCAL interventions contribute to CCA. The ACCAF was developed in an iterative, participatory fashion that relied heavily on an in-depth case study approach paired with intensive consultation and team expertise on adaptation M&E. It aligns with the PBCRG which was already developed. As preparation for ACCAF, WRI carried out various products for UNCDF LoCAL to assess and increase capacity on CCA and monitoring.

These were:

- **Performance Assessment for CCA:** Current Status and Ways Forward for UNCDF's LoCAL Programme.
- **Design questions memo.** This deliverable presented key questions to LoCAL's leadership about their priorities going forward, and highlighted options on how to navigate trade-offs around key choices.
- **Feedback on LoCAL minimum conditions and performance assessment criteria.** The WRI team reviewed the minimum conditions and performance assessment criteria from eight LoCAL countries to assess whether and how adaptation perspectives were included.

The final and main deliverable was **Evaluation of CCA: A Framework for UNCDF LoCAL** presented findings from an in-depth exploration of current practice, needs and priorities for LoCAL's M&E system. This document outlined what would ultimately become the ACCAF building blocks and options for achieving each one.

The development of these elements took place over a three-year period from 2018. Using ACCAF and the ACCAF data tracker, WRI carried out a test in three countries and capacity building of in-country staff to:

- (i) to use the guidance and Data Tracker with real examples to see if they were appropriate and determine any needed modifications, and
- (ii) to build the familiarity and capacity of in-country representatives who will be responsible for implementing and deploying the ACCAF in the coming years.

### NDC Partnership

Since LoCAL partnered with the NDC Partnership and the UNFCCC, LoCAL has been supporting countries in enhancing their NDC ambitions and implementation through the subnational level.

### UN Institute for Training and Research

UNITAR has developed a course module/curriculum on LoCAL guidelines and the ACCAF. Building on an existing collaboration. Building on an the existing collaboration, UNITAR developed with LoCAL a workshop for UNFCCC negotiators, leveraging the experience with LoCAL and countries in engaging with UNFCCC across a range of bodies.

### Korean Environment Institute

LoCAL has expanded its network of specialized experts and institutions for undertaking robust climate risk assessments in line with Intergovernmental Panel on Climate Change (IPCC) guidelines through climate downscaling modelling and climate risk mapping to support local decision-making on adaptation investments. LoCAL has with the Korean Environment Institute developed a methodology for climate risk assessments with downscaling of past and future climate projections at a lower resolution than data available from most climate models; and a risk and vulnerability analysis exploring climate stressors and the vulnerability causality chain, trends and main drivers.

### Assessment of LoCAL by donor agencies in Mozambique

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.

The representative of the EU Delegation noted that it was very satisfied with the partnership and convinced about the methodology which answer many needs. The project implemented with financing from the EU GCCA+ is now in its final year and has shown encouraging results. The EU Delegation is particularly impressed by the competitive dimension e.g., the spirit of competition between districts in performing better so that they get a good performance assessment and higher share of the grants.

The Belgian Cooperation was the first donor to support the launch of LoCAL in the Gaza Province in Mozambique. The long-term partnership has contributed to creating the ground for expansion of LoCAL to more provinces and get funding from more donors. The Belgian Cooperation and UNCDF in Mozambique are in regular dialogue on how to continuously improve the implementation of LoCAL i.e. on issues like reflecting on the geographical localization of LoCAL and the increasingly relevant topic of conflict sensitivity, applying an integrated approach including skills development for promotion youth employment and thinking in the long-term and the vision for the future.

The Swedish representative found that LoCAL is doing a good job and also highlighted some areas for improvement like the systematization of information, collection and dissemination of good practices,

coordination between different sectors i.e., agriculture, water resource management and disaster risk management. The situation in Mozambique but also in other countries where LoCAL is involved call for a nexus thinking on peace/conflict, natural-resource management and climate change adaptation. Lastly, it was mentioned that there is a disconnect between the governments interest in local climate change adaptation and the lack of inclusion of this element in the NDC. This issue has already been addressed in some countries i.e., in 2020, LoCAL extended support to Côte d'Ivoire on the revision process of its NDC, specifically on the issue of decentralization and vertical integration.

### *LoCAL management*

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 a 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 reports to the Global Manager.

### *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, ensure 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.

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

The mid-term evaluation found LoCAL to be generally efficient in its management, delivery and approach and that overall Programme management quality is good. Management cost ratios are slightly high if compared to other UNCDF programmes, and high if compared with the ones authorized by the Green Climate Fund (GCF) but are low if compared with other global programmes funding small-scale investments at the local level.<sup>25</sup>

#### *LoCAL development perspectives*

The LoCAL Board has set the vision for the programme ‘*to become a standard and recognized country-based mechanism for developing countries in particular the LDCs, that supports direct access to the Green Climate Fund and other climate finance entities and mechanisms to transfer resources to local governments through national systems for building verifiable climate change adaptation and resilience.*’ To realize this vision, the LoCAL programme Facility has set in motion different initiatives.

#### *Standardisation of the LoCAL methodology*

Based on a Board decision, UNCDF initiated the process for developing LoCAL into an international standard. This not only supports LoCAL’s institutionalization as a global country based mechanism for local climate finance but will increase donor confidence – and thereby further increase the amount of finance available to local governments. Being an ISO standard will further recognition of LoCAL as an international tool for vertical integration and support for NAPs and NDCs, while ensuring consistency across the countries that are adopting the standard.

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<sup>25</sup> Mid-term evaluation UNCDF’s LoCAL climate adaptive living facility, Baastel, March 2018 p10



### Annex 3: Key data on the current of LoCAL countries in Africa

Country	CC vulnerability	CRVA	Decentralised structure	LoCAL phase	Start year LoCAL	No of local authorities	No of infrastructure projects	Fiscal mechanism	transfer	Comment
<b>Benin</b>	Drought, late heavy rains, flooding	Study for 4 sectors, 2008	Financially and institutionally independent	II	2014	9 of 77	24 adaptation measures in nine communes received financing through PBCRGs	FADeC		Proposal submitted to GCF
<b>Burkina Faso</b>	Reduction in annual rainfall, high temperatures; droughts, floods; decreased water levels in the major rivers	Within the framework of the National Adaptation Plan (2015). e. Downscaling allows climate models		I	2021	3	None so far			Proposal submitted to GCF
<b>The Gambia</b>	Droughts, low rainfall, salinization, acidification of soils			II		32 WDC	Disbursement 20 WDCs resulted in 33 small-scale climate-resilient investments, 23 of which were undertaken in 2021			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
<b>Ghana</b>	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			24 climate change adaptation investments, benefiting approximately 60,000 people, were realized in the three pilot MMDAs	District Assemblies Common Fund Responsiveness Factor Grant		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 EU GReen project ends.
<b>Lesotho</b>	Delayed rainy season, droughts/dry spells; heat	No	The Government has published a devolution policy	I	First cycle in 2020	4 pilot community councils	climate proofing of 10 water-related infrastructure in the	The PBCRG system is fully aligned with the previous Deepening		Climate risk assessments will be



	waves; heavy and erratic frost		to empower both district and community councils				to more than 1,800 people	Decentralization Programme	carried out in pilot community councils
<b>Malawi</b>	Highly vulnerable to the adverse impacts of climate change and extreme weather events.		Devolved functions for rural local governments include basic education, primary health care, agriculture, water, rural roads, and community development	I	First cycle in 2021		None yet		
<b>Mali</b>	Reduction in annual rainfall of 20 per cent 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 the LoCAL programme	II	2014	4 districts	LoCAL-Mali has invested in 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.	
<b>Mozambique</b>	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 have been prioritized and financed through the PBCRG, 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.
<b>Niger</b>	Reduced average annual rainfall, increasingly, high temperatures; droughts, floods; ) decreased water levels in the major rivers.	The country is piloting localized climate risk assessments. NDC Partnership and LoCAL have done a country report on climate risk and vulnerability assessment which incorporates the local dimension	The commune and the region are administered by elected councils. They are legal entities and have financial autonomy, with their own budget and staff.	II	2015	2	In one commune 95 ha of degraded land was rehabilitated and replanted and 6 wells were rehabilitated. In the other commune, 60 ha of degraded land was rehabilitated, and 4 wells were excavated and 4 rehabilitated. Also, two 14-tonne millet banks were built in two villages and 1.5 tons of	Budget transfers from the state are handled through three mechanisms: the Decentralization Support Fund, the Cross-Subsidization Fund of the National Agency for Local Authority Funding (ANFICT)	Funding from NDC Partnership and Italian Fund for Migration.

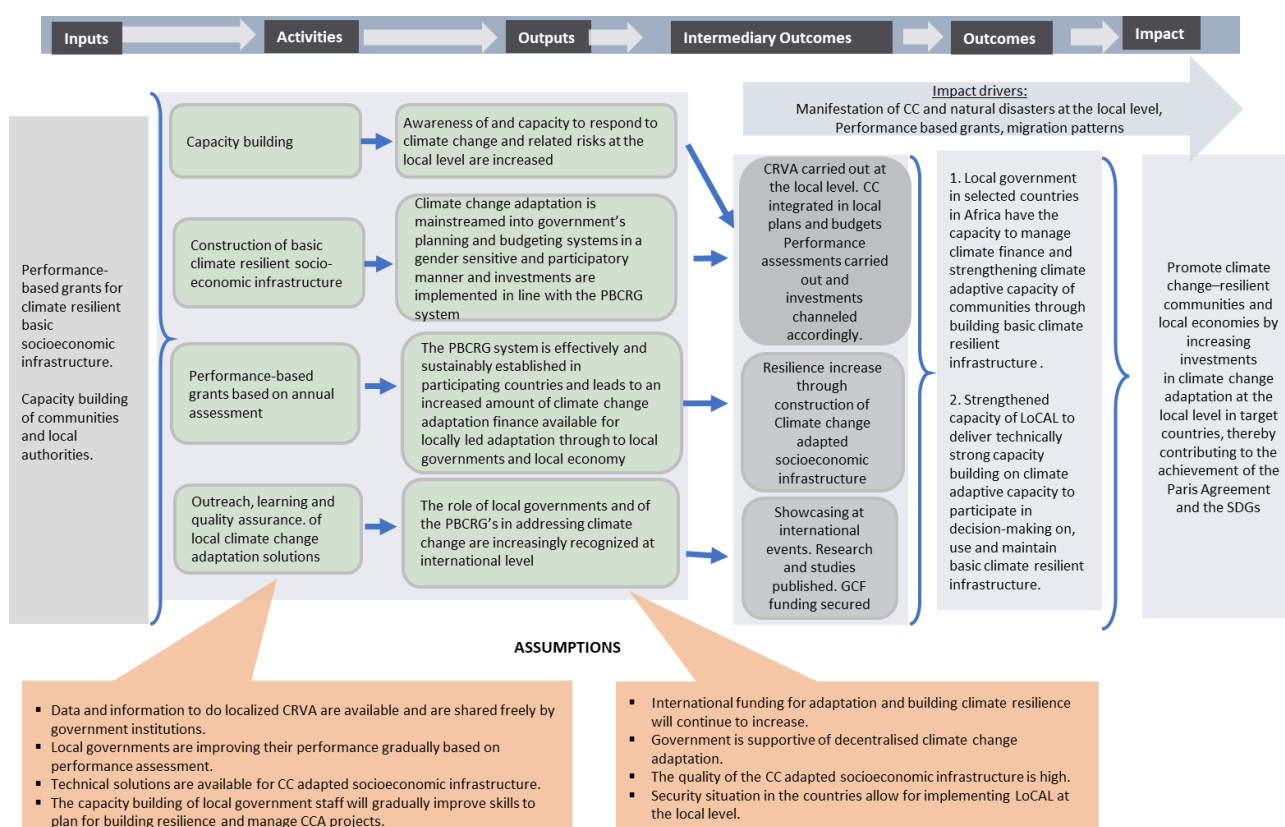
							improved seed was delivered to 13 villages.		
<b>Tanzania</b>	Droughts, floods, sea level rise		Well-functioning system of local governments and a well-developed intergovernmental fiscal transfer system, which has introduced performance-based elements over the past decade.	1	2015	3	From 2016-2018, the DCF project implemented by LoCAL and IIED invested more than \$1 million in 35 climate resilient and adaptation projects in the 3 districts.	Embedded in the Local Climate Finance Initiative	UKAid
<b>Uganda</b>		Yes							

Table 3: Source: UNCDF LoCAL annual report 2020

## Annex 4: 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. The version presented here is based on discussions with the LoCAL program Facility.

Below is presented the Theory of Change with associated key assumptions. These assumptions are presented as risk in the risk matrix in chapter 8 and in annex 4 together with their respective mitigation measures. The Theory of Change follow the programme structure of LoCAL in terms of inputs, activities, and outputs but with two outcomes which focus on the capacity of the local government in cooperation with communities to build climate resilience through climate adapted socioeconomic infrastructure. This change in outcomes has been agreed in consultation with UNCDF LoCAL programme Facility and aims at considering the Danish strategic priorities.



The result matrix is based on the LoCAL result framework, but the outcomes are formulated differently to reflect the specific on climate change adaptation which from a Danish funding perspective in this context is more important than the decentralisation and funding. The two outcomes are also formulated to reflect that. For outcome 1 the output indicators are the same as for output 2 in the LoCAL framework except for number 1.6 which is new and particularly in nature-based solutions (NBS). Outcome 2 which will be measured at the global level and not on country reflect the Danish support to strengthening the CCA capacity of the technical assistance given by LoCAL.

The management structure of the programme (described above in Chapter 4) 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.

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 <sup>26</sup>		Number of participating local governments, indirect beneficiaries and participating countries	
Baseline	Year	2021	322 local governments in 13 countries, accounting for a combined population of over 12.5 million indirect beneficiaries globally
Target	Year	2025	

Outcome 1		Local governments in selected countries in Africa have the capacity to manage climate finance and strengthening climate resilience of communities through building small scale adapted investments	
Outcome indicator <sup>27</sup>		Number and percentage of participating local governments meeting minimum conditions without needs for corrective action	
Baseline	Year	2021	186 (63%) (global)
Target	Year	2025	
Output 1 <sup>28</sup>		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 <sup>29</sup>		# of targeted local authorities that have integrated climate change adaptation into their local planning & budgeting processes	
Baseline	Year	2021	300 (global)
Target	Year	2025	
Output indicator 1.2 <sup>30</sup>		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	2025	
Output indicator 1.3 <sup>31</sup>		% of local authorities 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	2025	
Output indicator 1.4 <sup>32</sup>		% PBCRG interventions and investments explicitly targeting women	
Baseline	Year	2021	10% (global)
Target	Year	2025	

<sup>26</sup> Derived from a combination of indicators I.1 and I.2 and R 3.2 in LoCAL global RRF.

<sup>27</sup> Indicator R 1.4 in LoCAL global RRF.

<sup>28</sup> Output 2 in the global ME Framework

<sup>29</sup> Indicator R 2.1 in LoCAL global RRF.

<sup>30</sup> Indicator R 2.2 in LoCAL global RRF.

<sup>31</sup> Indicator R 2.3 in LoCAL global RRF.

<sup>32</sup> Indicator R 2.4 in LoCAL global RRF.

Output indicator 1.5 <sup>33</sup>	Number and % PBCRG interventions and investments integrating NBS		
Baseline	Year	2021	88 (4%) (forest and general environmental protection interventions used as proxy for 2021) (global)
Target	Year	2025	

Outcome 2	LoCAL is strengthened as an 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 investments.		
Outcome indicator <sup>34</sup>	Evidence of climate change adaptation impacts of proposed climate change adaptation investments and interventions in target communities through case studies		
Baseline	Year	2021	0
Target	Year	2025	
Output indicator 2.1 <sup>35</sup>	# 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; NBS)		
Baseline	Year	2021	11558 (global)
Target	Year	2025	
Output indicator 2.2 <sup>36</sup>	# of LoCAL global initiatives (e.g. mapping, studies) on identifying CCA technologies for different sectors.		
Baseline	Year	2021	0
Target	Year	2025	3

<sup>33</sup> New indicator under Danish support.

<sup>34</sup> Indicator I.3 in LoCAL global RRF.

<sup>35</sup> Indicator R 1.3 in LoCAL global RRF.

<sup>36</sup> New indicator under Danish support.

## Annex 5: Risk Management

Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
Security situation in some countries could hinder implementation of LoCAL.	<ul style="list-style-type: none"> <li>Likely</li> </ul>	<ul style="list-style-type: none"> <li>Major</li> </ul>	Support will predominantly be channelled to countries or areas within the countries where there is no armed conflict. LoCAL will apply local solutions identified in cooperation with the local governments	In very poor and highly climate vulnerable countries the risk of conflict remains present to some extent.	Some of the most climate vulnerable countries in the Sahel but also countries like Mozambique where LoCAL is engaged are affected by armed conflict. This is also affecting some of the Danida partnership countries i.e., Mali and Niger.
Data and information for carrying out localized CRVA are limited or difficult to access	<ul style="list-style-type: none"> <li>Very high</li> </ul>	<ul style="list-style-type: none"> <li>Minor</li> </ul>	LoCAL will support government in making data available. LoCAL will also rely on national CRVA and other sources such as information from community consultations.	The risk of affecting project outcomes is very unlikely.	Experience of LoCAL in carrying out CRVA shows that data availability and access are a challenge. Nevertheless, some data are available, and accessibility is expected to improve with further awareness and increasing ownership by more government institutions.
Corruptive practices lead to low quality of the CC adapted investment	<ul style="list-style-type: none"> <li>Unlikely</li> </ul>	<ul style="list-style-type: none"> <li>Significant</li> </ul>	Capacity building on procurement procedures. Selection of high-quality materials and robust construction methods. Regular monitoring and capacity building are in place. TA 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.
Adequate adaptation solutions are poorly developed for project relevant sectors	<ul style="list-style-type: none"> <li>Likely for some sectors</li> </ul>	<ul style="list-style-type: none"> <li>Major in some sectors</li> </ul>	Capacity building of LoCAL technical assistance advising on the CC solutions. Specific Danish support at global level to map available solutions and initiate research projects. Choose sector interventions where solutions are available.	The risk can be minimized in the short term for the initiatives benefitting from the Danish support and in the long term from results from development at the global level.	Experience shows that specific and integrated solutions for a wide range of sector such as health, education, roads and bridges, buildings etc are not developed for developing countries or costed. Capacity building for technicians and engineers on adaptation is also poorly developed.
Frequent rotation of staff will undermine the effect of capacity building	<ul style="list-style-type: none"> <li>Likely</li> </ul>	<ul style="list-style-type: none"> <li>Major in the short term</li> </ul>	Ensure that capacity building reaches a broad level of staff in local government. National TA will fill in the gaps.	In the short term this can still have an impact but will be minimized as the replacement is trained.	In some countries staff rotation is very frequent and it can be difficult to retain staff in rural areas.

## Annex 6: Tentative Budget Details

### Overall Budget for Danish support to LoCAL

	LoCAL output		Distribution on outputs (millions in DKK)	Percentage of total budget
Outcome 1	Output 1	Awareness and institutional capacity strengthening	14.7	15%
	Output 2	Mainstreaming CCA and Investments	52.6	53%
	<i>Outcome total</i>		67.3	
Outcome 2	Output 3	Establishment and deployment of the PNCRG system	19.4	18%
	Output 4	Outreach, secondment, M&E, reviews etc.	5.9	6%
	<i>Outcome total</i>		25.3	
	Delivery fee		7.4	8%
			<b>100</b>	<b>100%</b>

## Annex 7: List of Supplementary Materials

- *6<sup>th</sup> 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 progress report 2020*, UNCDF
- *LoCAL progress report 2021*, UNCDF
- *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
- *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



## Annex 8: 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"> <li>Website posts</li> <li>Press release</li> <li>Project flyers</li> <li>Social media platforms</li> <li>PowerPoint presentations</li> </ul>	<ul style="list-style-type: none"> <li>Key institutions on CCA</li> <li>Key institutions on decentralisation</li> <li>Key global organisations on CCA</li> <li>Beneficiaries, (local authorities, communities, CBOs)</li> </ul>	LoCAL programme Facility  MFA (secondary responsible)
2. Progress made by the Programme	Annually (end of year)	<ul style="list-style-type: none"> <li>Programme and project progress reports</li> <li>Field missions</li> <li>Web articles</li> <li>Social media</li> <li>Videos</li> <li>Banners in local languages</li> </ul>	<ul style="list-style-type: none"> <li>LoCAL Board</li> <li>Danida Board</li> <li>Key institutions on CCA</li> <li>Key institutions on decentralisation</li> <li>Key global organisations on CCA</li> <li>Beneficiaries, (local authorities, communities, CBOs)</li> <li>Research institutions</li> </ul>	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"> <li>Project Completion Report</li> <li>Project policy briefs</li> <li>Short video for TV and YouTube</li> <li>Short podcast</li> <li>Social media platform posts</li> <li>Press release</li> </ul>	<ul style="list-style-type: none"> <li>LoCAL Board</li> <li>Danida Board</li> <li>Key institutions on CCA</li> <li>Key institutions on decentralisation</li> <li>Key global organisations on CCA</li> <li>Beneficiaries, (local authorities, communities, CBOs)</li> <li>Research institutions</li> </ul>	LoCAL programme Facility  MFA (secondary responsible)

## Annex 9: 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
Potential 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