



Localising SDGs and the Paris Agreement

Exploring convergences between budget support and performance-based climate resilience grants



Unlocking Public and Private
Finance for the Poor



Agenda

EU-UNCDF technical dialogue on budget support in decentralised contexts and performance based (climate resilience) grants

- Presentation of LoCAL: objectives, mechanism, PBCRGs
- EU approach to BS in decentralised context and discussion of convergences between BS and PBCRGs
- Next steps



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EU-UNCDF technical dialogue on budget support in decentralised contexts and performance based (climate resilience) grants

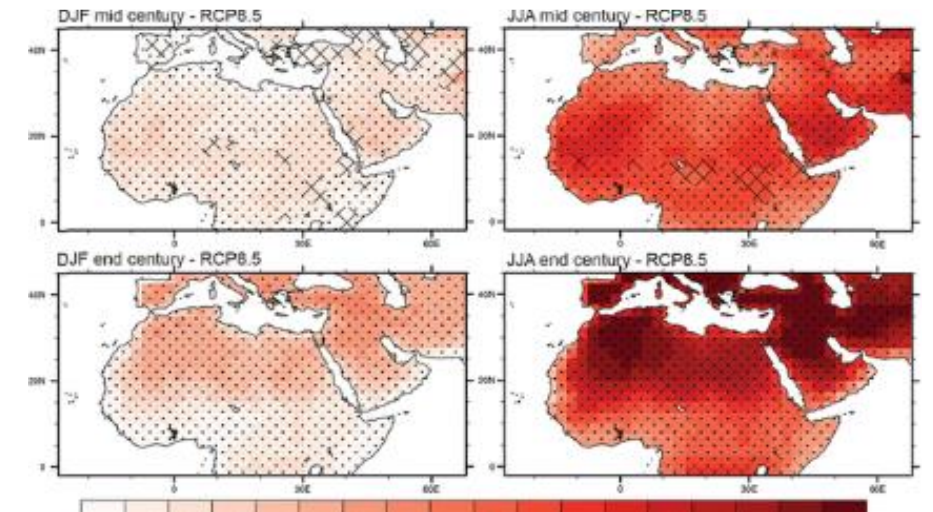
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Why give support at the local level?

Local authorities in partner countries :

- are in a unique position to identify and implement the responses that best meet local needs
- typically have the mandate to undertake small to medium sized interventions and investments required for addressing SDGs and building climate resilience.
- face a funding gap (regular transfers, additional costs, centralized climate financing, etc.)
- face a capacity gap (data, risk informed planning, MRV)





LoCAL: **a standard and country-based mechanism for addressing SDG13 and related SDGs**

- A standard and country-based mechanism designed by UNCDF to help local authorities **access and effectively use climate finance at the local level**
- Promoting the **integration in local government planning and budgeting systems** in a participatory and gender sensitive manner
- Using **Performance-Based Climate Resilience Grants (PBCRG)** that guarantee programming and verification of local adaptation expenditures
- Internationally recognised by **UNFCCC**
- Monitored through the '**Assessing climate change adaptation framework**' developed with WRI

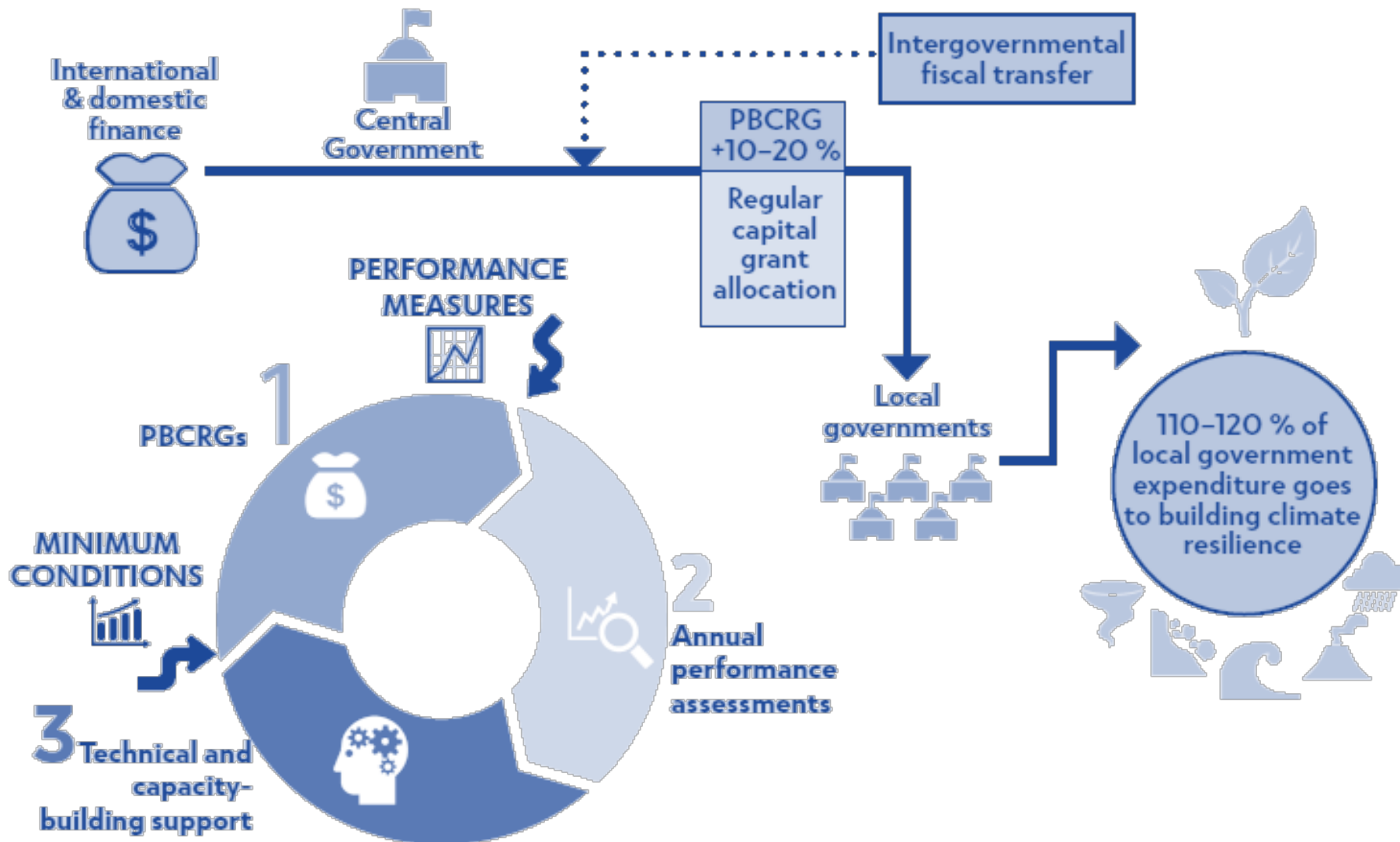


LoCAL - Mali



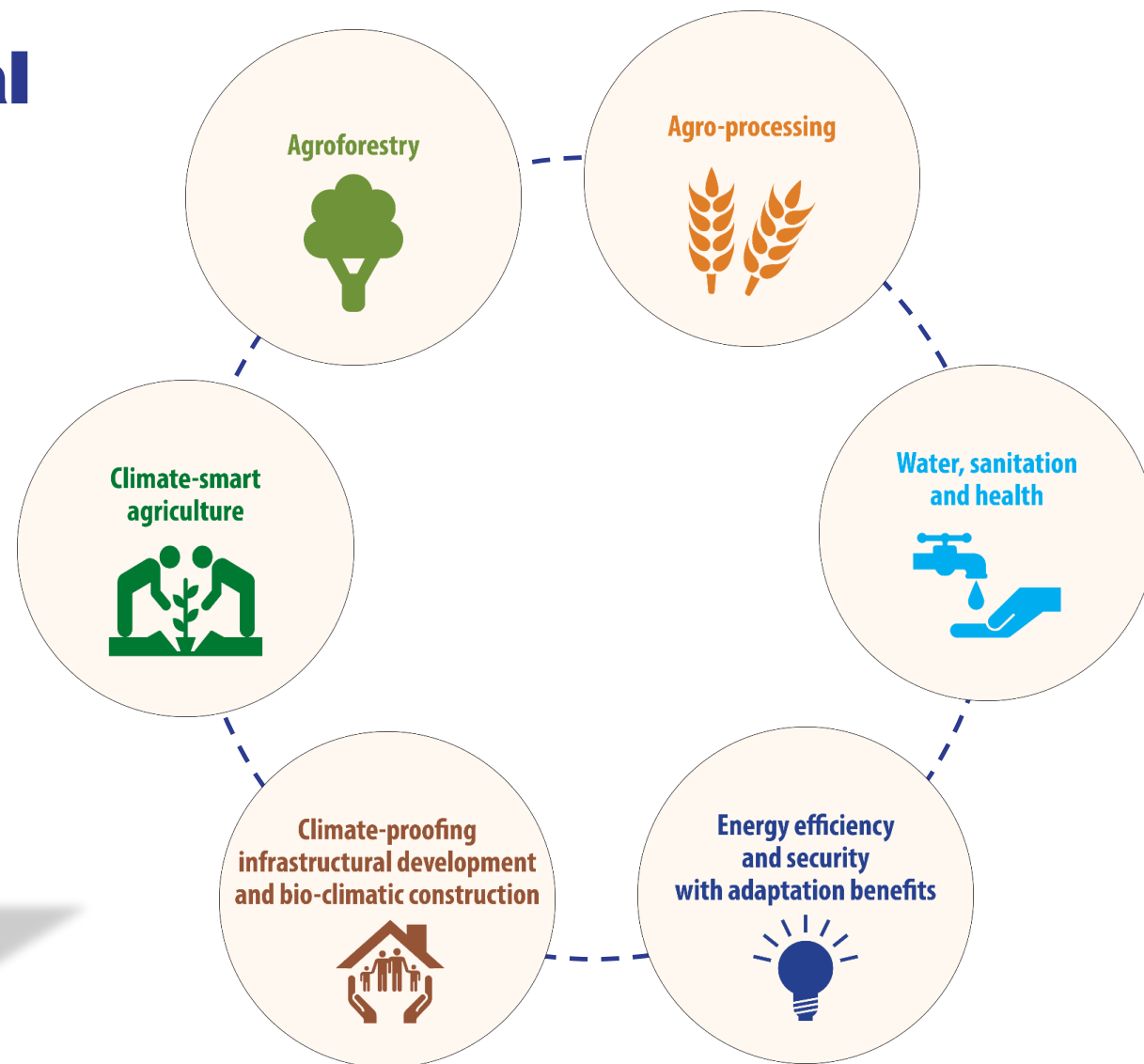
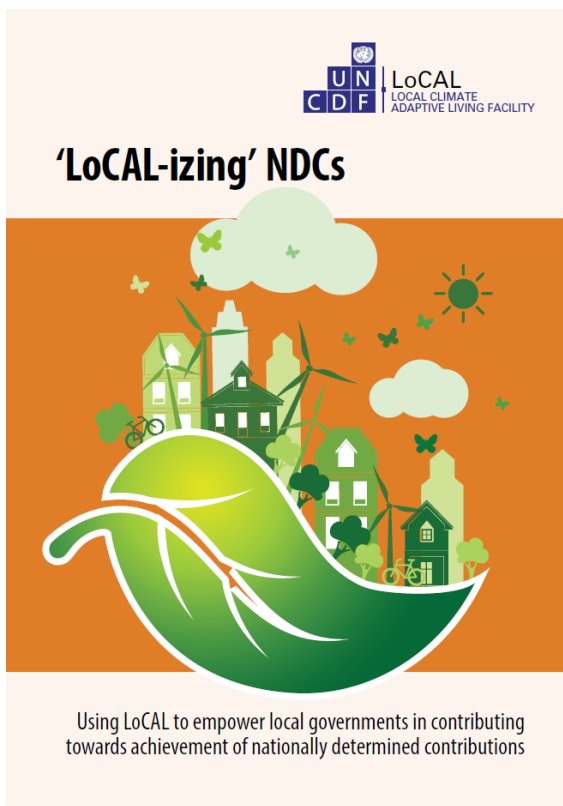
The Local Climate Adaptive Living (LoCAL) Facility

A standard and country-based mechanism





A multi-sectoral investment menu aligned with local mandates, NDCs and NAP

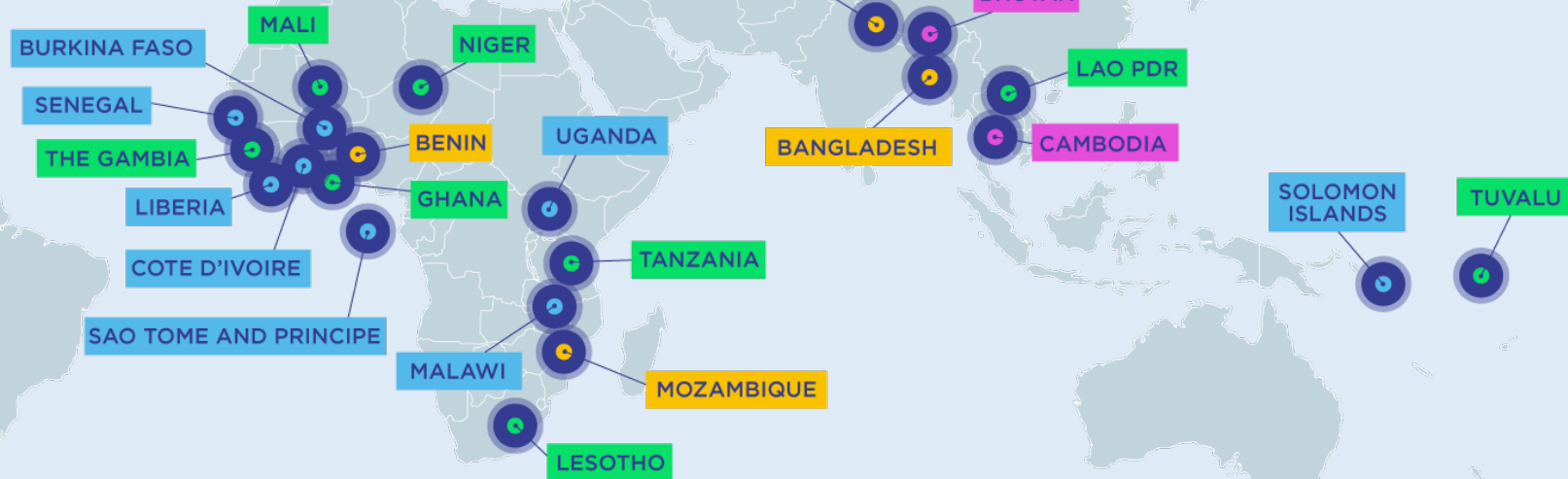




LOCAL Around the World

Based on experience
across 14 countries with
potential scale-up reach
of 400 million people

- PHASE I
- PHASE II
- PHASE III
- DESIGN PHASE





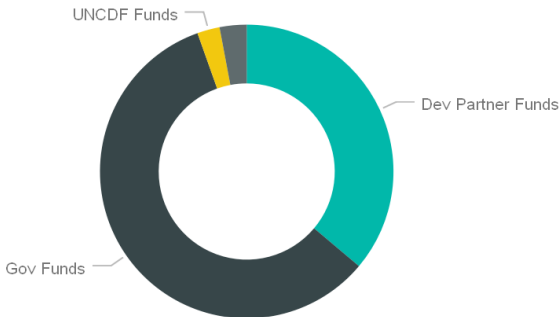
UNCDF maturity model

LDF Scale up Case Studies

Country

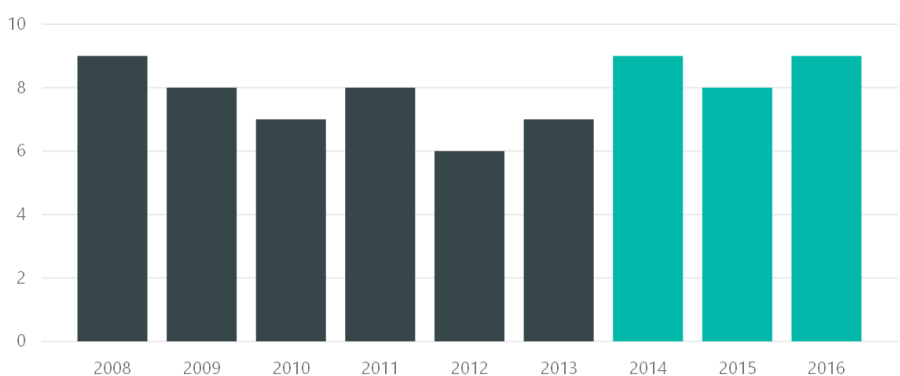
- Bangladesh
- Benin
- Bhutan
- Guinea
- Mali
- Nepal
- Solomon Islands
- Tanzania
- Uganda

% by donor type



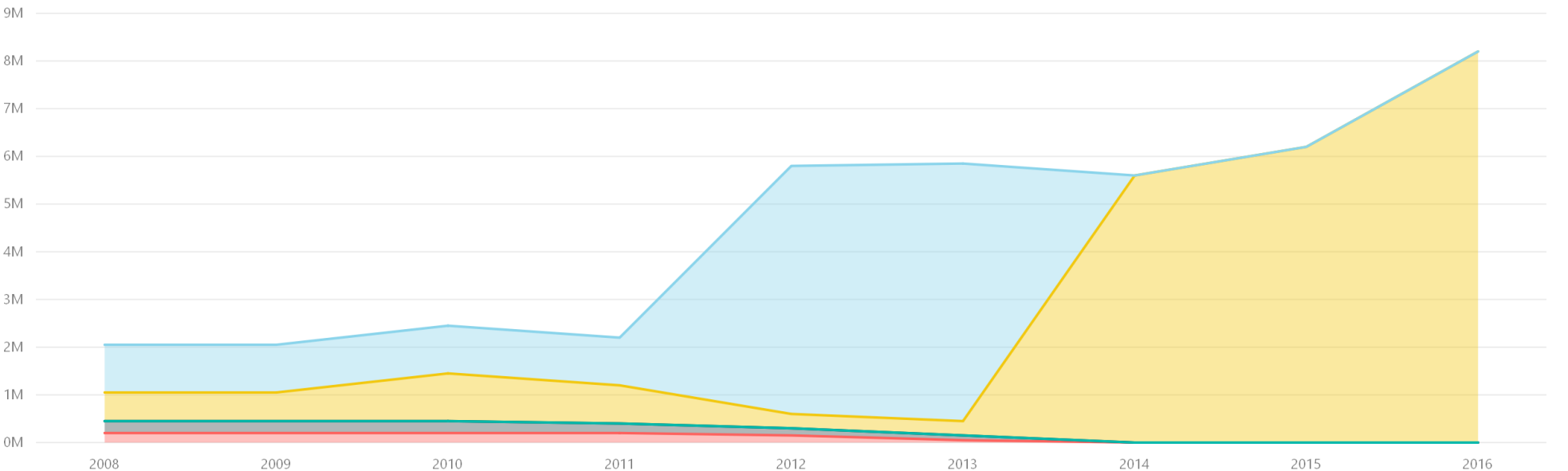
of Districts par Year et Phases

Phases



USD contribution to LDF scale up by donor source

Legend

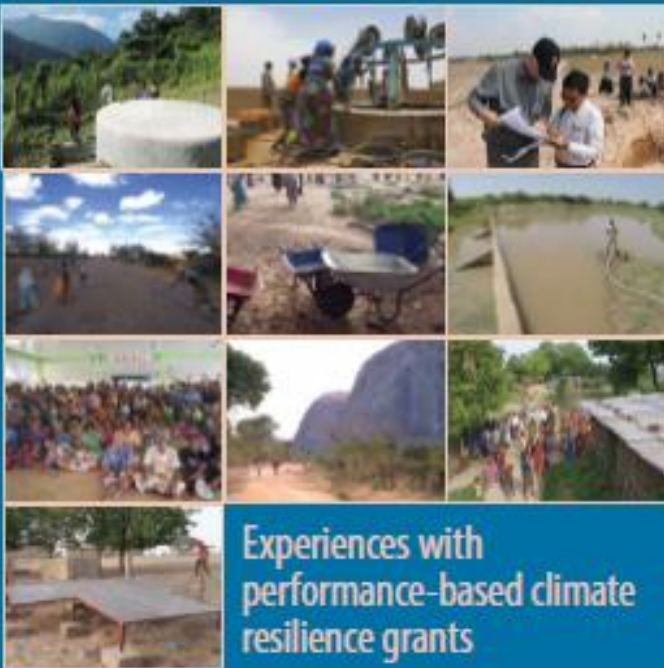




LOCAL Guidelines ISO process Training



Financing local adaptation to climate change



Experiences with
performance-based climate
resilience grants



WORKING PAPER

ASSESSING THE EFFECTIVENESS OF CLIMATE RESILIENCE GRANTS TO LOCAL GOVERNMENTS IN LEAST DEVELOPED COUNTRIES

AYESHA DINSHAW AND COLLEEN MCGINN

EXECUTIVE SUMMARY

Highlights

- Effectively addressing climate change requires paying attention to the local level. The Local Climate Adaptive Living Facility (LoCAL) mechanism of the United Nations Capital Development Fund (UNCDF) provides performance-based climate resilience grants to local authorities in Least Developed Countries to finance adaptation interventions.
- UNCDF's system includes an Annual Performance Assessment designed to ensure accountability, sound local-level public administration, and good governance as well as demonstrate adaptation mainstreaming. UNCDF felt this assessment could be strengthened to better assess adaptation effectiveness.
- To strengthen LoCAL, World Resources Institute (WRI) created the Assessing Climate Change Adaptation Framework (ACCAF). While designing the ACCAF, WRI identified three major challenges: incorporating good practices in adaptation monitoring and evaluation (M&E) into the existing performance-based climate resilience grant system; addressing measurement issues inherent in mainstreamed adaptation; and balancing country-specific and portfolio-wide adaptation M&E needs. This paper explains these challenges and the solutions proposed to address them.
- While the ACCAF is specific to LoCAL, the experience gained through its development can be applied to adaptation M&E more broadly. This paper outlines insights and lessons learned from designing the ACCAF that are relevant to a global audience. Donors, practitioners, and local authorities can use these lessons to inform future programming.

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Working Papers contain preliminary research, analysis, findings, and recommendations. They are circulated to stimulate timely discussion and critical feedback and to influence ongoing debate on emerging issues. Most working papers are eventually published in another form and their content may be revised.

Suggested Citation: Dinshaw, A. and C. McGinn. 2019. "Assessing the Effectiveness of Climate Resilience Grants to Local Governments in Least Developed Countries" Working Paper. Washington, DC: World Resources Institute. Available online at <https://www.wri.org/publication/assessing-effectiveness-climate-resilience-grants-local-governments-least-developed>.



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EU Approach to providing budget support in decentralised contexts (2016)

Characteristic	Type 1: BS for decentralised service delivery	Type 2: BS for decentralisation reforms	Type 3: BS for local territorial policies
Objective	Effective front-line service delivery	Reforms and institutional aspects	Implementation of local development policy
Policy to be supported	National sector policy (Education, Health, etc.)	Decentralisation reform policy	Development policy of local authority
Scope/stage of decentralisation arrangement	Different stages possible: Typically some administrative decentralisation	From initial stages of decentralisation reform	Advanced stages (including political decentralisation) – pre-requirements
BS dialogue	Central and sub-national	Central and sub-national	Mainly sub-national
Eligibility assessment	Central and some sub-national aspects	Central and sub-national aspects	Macro: central; public policy, PFM, transparency: mainly sub-national



Minimum Conditions (MCs): Relaying BS at local authority

- To align with **country minimum requirements** to be met by local authorities for receiving transfers
- To verify compliance with **governance and fiduciary standards** every year
- To verify that **Local Authorities use the PBCRGs for the intended purpose**: level of commitment and compliance to the menu

Key themes – Country specific

- Functioning of local councils
- Planning & Budgeting compliance
- Compliant budget execution-procurement
- Inspection / Audit
- Financial reporting & Accounts
- Compliance to Investment Menu



Performance Measures (PMs): Incentivising improvements in how local authorities plan, budget and execute

- To provide financial incentives in order to improve local processes such as planning, integration of climate change adaptation and execution of adaptation measures
- **Annual Performance Assessment:** assessed every year and linked to performance component of grants
- To inform capacity building

Examples of Performance Measures

- Collecting and using data
- Mainstreaming adaptation into development plans and annual programming
- Ensuring broad citizens' participation (prioritisation, monitoring, community work)
- Spreading benefits (e.g. vertically, vulnerable groups, women and youth)
- Transparency & accountability
- Assessing Environmental Impacts
- Estimating costs adequately to plan, budget and execute
- Own revenue mobilisation



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EU budget support to LoCAL countries (contracts approved 2015-2018): EUR 2.1 b

Benefiting country	Number of contracts	Main theme of decision	Main SDG of decision	Planned Year Start	Planned Year End
Benin	3	Good governance, Agriculture, Decentralisation	16, 2, 11	2017	2020
Bhutan	2	Decentralisation, Climate change	11, 13	2017	2021
Burkina Faso	6	Good governance, Health, Water and sanitation, Poverty, Food security, nutrition and resilience, Security	16, 3, 6, 1, 2	2015	2021
Cambodia	3	PFM, Decentralisation, Education	16, 11, 4	2016	2021
Gambia	2	Good governance, Stabilisation	16, 1	2017	2019
Ghana	1	Decentralisation	16	2018	2020
Ivory Coast	2	Poverty, Rural Development	1	2016	2018
Lao PDR	1	Education	4	2018	2021
Liberia	2	Good governance, Basic services	16, 1	2015	2020
Mozambique	1	Poverty	1	2016	2019
Nepal	2	Education, Reconstruction relief and rehabilitation	4, 11	2017	2022
Sao Tome and Principe	1	Water and Sanitation	6	2015	2020
Senegal	2	Agriculture, Water and Sanitation	2	2015	2021
Tanzania	2	Good governance, Agriculture	16	2016	2020
Tuvalu	1	Waste management	12	2017	2020
Uganda	1	Good governance	16	2018	2020



Country Examples

Bhutan

Cambodia

Benin



LoCAL Bhutan

- UNCDF pilot scaled up with EU budget support, and planned with Adaptation Fund and Green Climate Fund
- TA for updates of design and annual performance assessments (ToT)
- 104 small scale investments in six local authorities, scaling up to 24 more Las, then 100 gewogs
- On going accreditation to Green Climate Fund (March 2020)



Bhutan, one of the 2 first countries to pilot and embrace **LoCAL**, highlights the potential of the model (100 gewogs) through EU budget support scale up



LoCAL Cambodia

- National scale-up of LoCAL underway to 50 districts, reaching total population of 16 million people
- 276 adaptation measures financed with more planned
- Multiple funding sources including IFAD loan, and GCF planned
- Awarded Green Climate Fund accreditation in November 2019



Cambodia, one of the 2 first countries to pilot and embrace **LoCAL**, highlights the potential of the model with various sources of funding (50 districts) and GCF next



LOCAL Benin

- On going scale up to 9 communes with cofinancing from FNEC since year 2 (ecotaxes)
- Further scale up to 30 communes planned for 2021 onwards, through GCF direct access by FNEC
- 3.75 millions of beneficiaries are expected during the scale up
- Public funding system more robust and transparent through PBCRG model
- A model for blended finance is developed



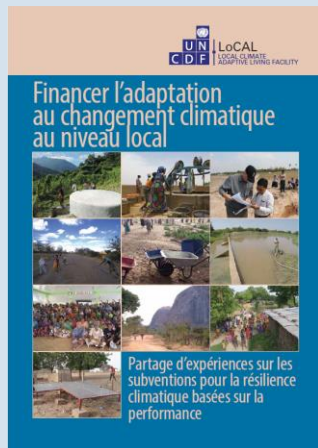
Benin, the first African country, highlights the potential of the model with various sources of funding (ecotaxes) and GCF next

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