Unlocking Public and Private Finance for the Poor

MID TERM EVALUATION LOCAL CLIMATE ADAPTIVE LIVING FACILITY

March 2018

EVALUATION TEAM	
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MID-TERM EVALUATION: LOCAL CLIMATE ADAPTIVE LIVING FACILITY (LoCAL)

Design: UNCDF Partnerships Unit.

Table of Contents

Programme Data Sheet

Country:	*Global*
Programme Title (long)	*Local Climate Adaptive Living Facility (LoCAL)*
Programme Atlas Code (by donor)	

Financial Breakdown (by donor)

Commitments	As per Prodoc (amount USD)	Actual project budget (amount USD)
UNCDF	800.000	800,000
EU GCCA+	5,427,000	4,881,547[1]
Sida/PFIS	3,000,000	1,661,821[2]
Sida/Cambodia	454,000	534,287.42[3]
Government of Liechtenstein	110,000	155,025
GEF (Laos)(parallel)	2,145,000	2,145,000
Government of Benin (parallel)	100,000	340,000
EU Bangladesh		4,400,000
EU Bhutan (parallel)		7,000,000
Government of Belgium		1,964,085
Government of Bangladesh		750,000
Sida/Bangladesh		4,000,000
Sida/Booster Fund		3,260,870
Total (including parallel funds)	**11,036,000**	**35,560,301**
Funding gap (including parallel funds)	**27,964,000**	**8,107,363.72**

Source: LoCAL Programme Document (2014) and LoCAL Annual Report 2016

[1] Total contract amount is EUR 4,000,000. The different amount of budget per project document and actual is due to the currency exchange rate at the time of the signed project document and the real time of cash transferred to UNCDF account.

[2] The actual contribution from SIDA under PFIS proposal including the LoCAL regional phase (2112-2013) and the global phase (2014-2016) is USD 2,661,821. The contribution during global phase is USD 1,661,821.

[3] Total contribution from SIDA Cambodia from 2012 – 2016 is totaling SEK 12,480,000 (Approximately USD 1,746,186), which covers the pilot phase from 2012-2013 (SEK 8,000,000) and global phase 2014-2016 (SEK 4,480,000 –USD 534,287). SIDA provided more funding support to the project for 2017-2018 in the amount of SEK 12,000,000 for the bridging phase, making total contribution from SIDA for LoCAL in Cambodia SEK 24,480,000 (Approximately USD 3 104,729)

Delivery to date (USD)

Donor	2014	2015	2016	Total
Sida/PFIS	864,902.00	296,696.00	426,858.00	1,588,456.00
Sida/Cambodia	377,319.00	594,987.00	23,652.00	995,958.00
Government of Liechtenstein	55,432.00		50,005.00	105,437.00
European Union	775,174.00			775,174.00
UNCDF	237,453.00	103,684.00		341,137.00
GCCA+		1,298,705.00	781,877.00	2,080,582.00
Government of Belgium		88,422.00	511,377.00	599,799.00
Sida Booster Fund		1,095,682.00	1,335,941.00	2,431,623.00
UNDP-GEF		1,006,144.00	918,143.00	1,924,287.00
Total project budget:	**2,310,280.00**	**4,484,320.00**	**4,047,853.00**	**10,842,453.00**

Source: 2014, 2015 and 2016 Annual Reports

Project implementation

Executing Agency	UNCDF
Implementing Agency	UNCDF
Key Project Partners	LoCAL Participating Countries
Approval Date of Project	24/02/2014
Project Duration as per Project Document	5 years
Project Amendment	n/a
Evaluation Date	March 2017 – February 2018

Project context

Other current UNCDF projects in-country	Bangladesh: IELD, MIF, SHIFT Benin: Microlead, MM4P, LFI, F4F Bhutan: No Cambodia: LoTUS, MAP, SHIFT Ghana: MicroLead Lao PDR: DDF, LFI, LoTUS, MAFIPP, MAP, MM4P, SHIFT Lesotho: DDP, MAP Mali: F4F, LOBI Mozambique: F4F, MAP, YouthStart Nepal: LGCDP, MIF, A2F, CleanStart, MM4P

	Niger: F4F, MicroLead, PADEL Tanzania: CleanStart, LFI, MicroLead, YouthStart Tuvalu: No Uganda: CleanStart, LFI, MicroLead, MM4P, YouthStart
Previous UNCDF projects (if relevant)	Cambodia and Bhutan: Pilot phase of LoCAL
Previous evaluations (if relevant)	N/A
Dates of audits	N/A

Acronyms

Acronym	Definition
APA	Annual Performance Assessment
CCA	Climate Change Adaptation
CFU	Climate Funds Updates
FGD	Focus Group Discussion
FGEF	French Global Environment Fund
FY	Fiscal / financial year
FYP	Five-Year Plan
GCCA	Global Climate Change Alliance
GCF	Green Climate Fund
GEEW	Gender Equality and the Empowerment of Women
GEF	Global Environment Facility
IELD	Inclusive and Equitable Local Development
IFAD	International Fund for Agricultural Development
IIED	International Institute for Environment and Development
IM	Investment Menu
INDC	Intended Nationally Determined Contribution
IPCC	Intergovernmental Panel on Climate Change
KEI	Korea Environment Institute
LDC	Least Developed Country
LFI	Local Finance Initiative
LoA	Letter of Agreement
LoCAL	Local Climate Adaptive Living Facility
MAFF	Ministry of Agriculture, Forestry and Fisheries
MC	Minimum Condition
MDGs	Millennium Development Goals
MEF	Ministry of Economy and Finance
MoE	Ministry of Environment
MoF	Ministry of Finance
MoU	Memorandum of Understanding
M&E	Monitoring and Evaluation
NAPA	National Adaptation Programme of Action

NCDDS	National Committee for Sub-National Democratic Development Secretariat
NDC	Nationally Determined Contributions
NGO	Non-governmental organization
OECD - DAC	Organisation for Economic Cooperation and Development – Development Assistance Committee
PBCRG	Performance-Based Climate Resilience Grants
PBSG	Performance-Based Grants System
PEI	Poverty - Environment Initiative
PM	Performance Measures
RRF	Results and Resources Framework
SDG	Sustainable Development Goals
SDP	Small Development Projects
SIDA	Swedish International Development Cooperation Agency
SIDS	Small Island Developing States
SMART	Specific, measurable, attainable, relevant and time-bound (indicators)
ToC	Theory of Change
ToR	Terms of Reference
UMEOA	West African Economic and Monetary Union (in French)
UN	United Nations
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
UNEG	United Nations Evaluation Group
UNFCCC	United Nations Framework Convention on Climate Change
UN-Habitat	United Nations Programme for Human Settlements
VRA	Vulnerability Risk Assessment
WB	World Bank
WRI	World Resources Institute

EXECUTIVE SUMMARY

The Local Climate Adaptive Living Facility (LoCAL) is a funding mechanism implemented by the United Nations Capital Development Fund (UNCDF) with the goal of promoting climate change resilient communities and economies by increasing financing for and investment in climate change adaptation at the local level in least developed countries. LoCAL was first implemented as a pilot in Bhutan and Cambodia from 2012, and the current programme was initiated in 2014 and is planned to last five years. Thirteen countries are now engaged the programme, involving 64 local governments. It supported or is supporting 438 climate change adaptation actions, the majority of which are infrastructure investments, but also capacity building, awareness raising and equipment.

As LoCAL is halfway through its implementation process, UNCDF requested this evaluation to review initial progress and improve understanding of relevance, efficiency and effectiveness of the LoCAL programme as well as the key programme mechanisms which underpin it. The evaluation also aims to consider the likely impact and sustainability of LoCAL as well as the appropriateness to date of UNCDF's positioning as a UN agency supporting the direct access by Least Developed Countries (LDCs) to international climate finance at the local level. This evaluation follows international best practices as well as UNCDF and the United Nations Evaluation Group (UNEG)'s standards. The approach involved a reconstruction and review of the theory of change (ToC) that was used to structure the evaluation. The evaluation matrix identified indicators, judgement criteria, data points, data analysis methods and data sources, thus providing clear orientation for data collection. The team reviewed and analysed evidence using a mix of quantitative and qualitative methods and both primary and secondary data, so as to build a series of conclusions and recommendations which are presented below. The questions and analysis are organized around five evaluation criteria, namely relevance, efficiency, effectiveness, likely impact and sustainability. Gender equality and the empowerment of women and other crosscutting elements have also been assessed. On that basis, the evaluation concludes as follow on the three main questions from the Terms of Reference.

Overall, the evaluation has found LoCAL to be relevant as a programme working directly with local governments in implementing performance-based climate resilient grants. LoCAL is particularly relevant on the decentralisation front, with room for improvement on the adaptation front. LoCAL priorities are relevant overall to international and national development, decentralisation and adaptation agendas as well as to UNCDF's own priorities and agenda at the global level, as set in public documents. Overall, programme objectives are well supported by LDC partners and development partners. Given the focus of other climate change adaptation (CCA) programmes and development partners on capacity building, the added value of LoCAL in demonstrating investment and financial flows mechanisms for CCA to the local level is significant. There is room for further close and sustained coordination and partnership with those other programmes. 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. That being said, the programme would benefit from a theory of change to underpin the programme's strategy towards a clear vision and a solid maturity model.

The evaluation has found LoCAL to be generally efficient in its management, delivery and approach. Overall Programme management quality is good. Management cost ratios are slightly high if compared to other UNCDF programmes, such as the Youthstart programme, and high if compared with the ones authorized by the Green Climate Fund (GCF) (which would apply for phase II or III), but are low if compared with other global programmes funding small-scale investments at the local level, such as the Small Grant Programme (SGP) supported by the Global Environment Fund (GEF) and managed by the United Nations Development Program (UNDP); the Critical Ecosystems Partnership Fund (CEPF), and the Small Initiatives Programme (PPI by its initials in French) supported by the French Global Environment Fund (FGEF), as in LoCAL national and local authorities perform some of the management functions at the country level, thus reducing the transaction cost in general. Furthermore, some of the reported management costs for LoCAL are in reality costs related to the provision of technical assistance. While the system works reasonably well, there are some administrative management bottlenecks at the global and country level, which are discussed in the report.

LoCAL has met a number of its key targets for 2016. The Results and Resources Framework (RRF) establishes 16 targets, 4 of which refer to project management. Of the remaining 12, it is possible to assess the performance on 6. Of these, LoCAL has met 5, namely the number of participating countries and local governments, the percentage of participating countries using PBCRG systems, the percentage of implemented activities and the establishment of a LoCAL Forum. The project has not met the target regarding the percentage change in climate finance at the local level from the private sector. There is no target, baseline or clear source of information for the other monitoring and evaluation indicators. The targets on project management have been overall met.

Regarding project monitoring, at the global level, LoCAL has a well-conceived monitoring and evaluation (M&E) plan, but without clear resource allocation for this M&E function. The RRF included in the programme document shows clear room for improvement at both outcome and output level. Moreover, limited information is provided on results/impacts to assess and help reflect on the resilience impacts of the investments in particular. Financial information also lacks clarity. 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. The partnership with the World Resources Institute (WRI) is likely to result in a very useful tool to address these concerns.

LoCAL is also overall an effective programme at this stage of implementation, and ***is likely to have some lasting influence on policy and institutional systems at both the national and local levels***, provided it can strengthen some of its efforts and by the same token manage some of the risks associated with the sustainability of some of its achievements. At the national level, LoCAL has contributed to raising awareness on the importance of adaptation at the local level and through local government systems. It has also contributed to strengthening the management and specific climate change adaptation-related knowledge and skills. However, in terms of broader institutional and policy backing required to ensure sustained change and scope, while the programme seems to be successful in engaging the national implementing entity, typically the one in charge of decentralisation, in some countries there is room to engage further the ministries of environment, finance and agriculture to increase awareness and ownership of the programme and its results to infuse long term support, even though it is understood that such efforts will in some countries find less fertile ground given the underlying turf battles often involved.

At the decentralized level, LoCAL has supported the integration of climate change adaptation in local government plans and budgets. To that end, LoCAL has conducted significant efforts to raise awareness and build capacity on planning, budgeting and management of climate change adaptation at the local level, including development of guidelines and training. While awareness and capacity has been built to a certain extent especially in phase 2 and 3 countries, there is still ample room to further the achievement of this result in view of the existing starting point and learning process on this front in most countries, this is especially true for phase 1 countries.

The evaluation concludes 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. That being said, some challenges remain to be tackled by UNCDF to help fully secure that direct access channel.

While other UN agencies are working on climate change adaptation at the local level, none of them has UNCDF's experience with direct financial transfer mechanisms to local governments. In addition, many of these agencies have already positioned themselves as GCF implementation agencies, therefore somehow acting as intermediaries rather than focusing on empowering from the outset local governments to access such international funds directly using their own national and decentralized channels.

So far, UNCDF through the LoCAL Programme Secretariat has supported three countries in preparing and submitting proposals to the GCF's Enhanced Direct Access programme featuring the LoCAL approach. While feedback is deemed encouraging, the full development of these proposals is dependent on the accreditation of national institutions as national implementation entities. Through advocacy and linking countries with external technical support, UNCDF through LoCAL has contributed to the nomination of national bodies in charge of decentralization (and LoCAL implementing entities) for GCF accreditation in four participating countries. This progress is partly the result of the appropriate efforts piloted by UNCDF through LoCAL programme management and its Board members to link up with the LDC Group under the United Nations Framework Convention on Climate Change (UNFCCC) negotiation process, to bring about recognition of the key role that decentralisation ministries and local governments can play in fostering the implementation of Nationally Determined Contributions (NDCs). Advocacy efforts at global level through other channels have also been significant. However, there are three important risks to be managed. On the one hand, the sometimes unclear climate additionality of LoCAL investments could be a fundamental barrier to access international CCA funds, particularly GCF resources. A second risk relates to the fact that some of the countries where the LoCAL programme is more advanced and solid are likely to see their access to international adaptation funds limited in the medium term as they graduate in development status. To conclude, institutional tensions in some countries between different government departments may need to be managed at the national level if large amounts of financial resources are mobilized through this process.

Recommendations: Out of the findings and building on the main conclusions from this evaluation, the Evaluation team has prepared recommendations on the following key issues and expands on them in Section V.

R1. The LoCAL Board and the programme management should further strengthen its recent efforts to explore the possibility of expanding the portfolio in urban and coastal areas, given their increasing priorities for LDCs with respect to CCA.

R2. The LoCAL Board and programme management teams at global and country levels should make more efforts to engage international and national partners and the private sector.

R3. The programme management should address the existing management bottlenecks identified in this evaluation report, increasing human capacity at the global level (for instance, with an M&E officer, a gender officer and additional (sub)regional officers); advocating for more national staff in some countries as part of the scaling up efforts; increasing and regularizing UNCDF technical support, establishing more formal communication channels; opening the consultant roster, especially for tasks that require independence, such as evaluations; increasing funds for monitoring in the field; and exploring the possibility of engaging more with UNVs (this is not a substitute for all the former). This should be done with the understanding that a response to the majority of these bottlenecks should be provided through future programmatic efforts around capacity development rather than considered as management costs.

R4.The programme management at global and country levels have to significantly increase efforts in M&E and improve their M&E, data management and reporting systems. The priority should be to conclude the WRI work urgently and to ensure that the new approach and tools provided by the Institute are fully used at the global and country levels.

R5.The LoCAL Board and programme management at global and local levels should increase efforts to significantly strengthen the climate change dimension of the programme.

R6. Programme management at global and national levels should favour integrated, comprehensive approaches that address multiple building blocks and dimensions of resilience, working more on the basis of complementarities and synergies with other programmes.

R7. Programme management at the global level should strengthen the lesson learning efforts throughout the programme.

I. Scope and Objectives of the Evaluation

1. Purpose of the evaluation

Halfway through the implementation of LoCAL, UNCDF sought to review initial progress in the different countries in which it is active, assessing relevance, efficiency, (likely) effectiveness, likely impacts and sustainability of programme performance so far.

According to the Terms of Reference (ToR), this mid-term review has the following objectives:

- "To assist UNCDF and its partners to understand the relevance, efficiency and effectiveness of the LoCAL programme as well as the key programme mechanisms which underpin it;
- To consider the likely impact and sustainability of the LoCAL approach on the policy and institutional environments at the national levels and on the implementation structures at the local levels in the countries in which LoCAL is being implemented; and
- To consider the appropriateness to date of UNCDF's positioning as a UN agency supporting the direct access by LDCs to international climate finance at the local level"

As indicated in the ToR, the primary audience for this evaluation is UNCDF, the funders of the LoCAL as well as LoCAL's partners in implementation countries, the LoCAL Board, and the United Nations Framework Convention on Climate Change (UNFCCC) LDC Group and Adaptation Committee.

2. Scope of the evaluation

This evaluation covers the period 2014-2016 of LoCAL implementation, that is, the first three years of this five-year programme. The review considers 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. This mid-term evaluation is commissioned at an important point in programme implementation and is intended to review initial progress in the different countries in which LoCAL is active. It pays particular attention to the relevance, efficiency, effectiveness, likely impact and sustainability of programme performance in the different countries in which LoCAL is currently active. More broadly, the evaluation is commissioned in accordance with UNCDF's Evaluation Plan 2016-2017 and United Nations Development Programme's (UNDP) broader Evaluation Policy (to which UNCDF is party) which sets out a number of guiding principles and key norms for evaluation in the organization. Amongst the norms that the Policy seeks to uphold, the most important are that the evaluation exercise should be independent, credible and able to provide information that is useful and relevant to support evidence-based programme management and broader decision making. In addition, the evaluation follows the Gender Equality and the Empowerment of Women (GEEW) UNEG's Handbook.

The evaluation focuses on the series of following research questions envisioned by the ToR. These questions relate to the objectives of the evaluation presented above and are intended to frame the evaluative analysis.

As demonstrated in the evaluation matrix presented in Annex 2, this review is comprehensive and strategic, and seeks to take into account all the dimensions on which stakeholders are involved from the global to the local level. Gender equality and the empowerment of women and human rights are addressed as a cross-cutting issue, with indicators disaggregated by gender when possible. In addition, some section of the report specifically analyse the role of gender and human rights in the programme implementation. Where relevant, crisis prevention and recovery are also considered on the evaluation of this climate change adaptation related project.

II. Programme Profile:

1. Programme description, strategy and background

LoCAL is a funding mechanism implemented by UNCDF with the purpose of integrating climate change adaptation into local government's planning and budgeting systems, building awareness about climate change adaptation and increasing access to climate change adaptation finance for local governments. The programme uses a performance-based grants system (PBSG) specific to climate change adaptation, or performance-based climate resilience grants (PBCRG) to channel adaptation finance to local governments who budget for them, through existing fiscal transfer systems. This is combined with technical assistance for local governments to identify, prioritize and address adaptation needs. Importantly, the grants are performance-based, thus establishing incentives to gradually improve the capacity of local governments to mainstream climate change into planning and budgeting systems and increasing awareness and the quality of the response for climate resilience. The programme document includes a gender strategy that seeks to promote gender equality through participatory planning and budgeting processes for CCA at local level, collecting information on gender-sensitivity of the planning, budgeting and monitoring processes, as well as the implementation of CCA activities, and connecting to UNCDF's programme on IELD, which promotes women's economic development (its scope and implementation is analysed in section 1.5).

On this basis, LoCAL seeks to increase the amount of climate change adaptation finance available to local governments and local economies by working with participating countries on the distribution of their own fiscal resources and working with other sources of climate finance to increase allocation of climate funds available and accessible to local governments and local economies. The latter entails advocacy activities at international level, including promoting direct access of local governments to the resources of the Green Climate Fund. In addition, LoCAL holistic approach seeks to leverage private sector resilience building activities.

The implementation of the programme in each country is organized in three phases. The first phase tests the approach by implementing it in a small number (between 2 and 4) of local governments over one or two fiscal cycles. With an estimated budget of USD 150,000 per year, this phase is usually financed by UNCDF, although co-financing from other stakeholders can also be included. Based on a scoping study and initiated with memoranda of understanding between the UNCDF and the corresponding national government, this phase introduces the grant system and fine-tunes the methodology.

Phase 2 seeks to create the conditions for a full national roll-out of the methodology, forming financial and technical partnerships; to demonstrate the effectiveness of the programme; and to learn from it. Usually financed by both UNCDF and financing partners, and with a budget of up to USD 5 million, this phase is typically implemented in between 5 to 10 local governments of specific countries[4].

Phase 3 is the full rollout of the programme in the country, extending it gradually to all local governments of the appropriate tier. This phase is funded by central governments through re-allocating domestic resources, but it can also be co-financed by international institutions and funds, which local governments could potentially access directly through their central governments. In this stage LoCAL provides quality assurance and support and shares data and experiences. As a cross-cutting approach, each phase is designed around the lessons of the previous phase.

LoCAL works with a wide range of stakeholders, including multilateral and bilateral development agencies and institutions, national and local governments, communities and the private sector (this is analysed in detail in section 1.4). LoCAL is meant to benefit from a systematic partnership with UNCDF's Local Finance Initiative (LFI), which seeks to unlock the growing capital reserves of LDCs by providing opportunities for local banks and other institutions to re-invest in the local area through a mixture of support to project development, project finance or SME support to the project developer, and credit enhancement facilities to local banks.

The goal, outcomes and outputs are summarized in Table 1 below. While the activities of the programme are built around channelling funds to local governments through national governments and ensuring a good use of the funds through performance measurement and good programme management practices, the relationship between the different activities, outputs and related changes are more complex and often inter-related.

In sum, all of the outputs contribute to, on the one hand, the creation of processes that integrate CCA into public finances at the local, sub-national and at the national level, and on the other hand, to build support for such mechanism from policymakers. Jointly, these two changes are the foundation for a lasting and profound systemic change that would involve widespread and long term implementation of CCA strategies, programmes and investments in communities from across the country. This would ultimately increase the resilience of communities and local economies, and support the achievement of

[4] The highest number of local governments getting grants as of March 2018is 12 in Lao PDR. More can be engaged through capacity building. In Bangladesh phase II will go to 72 Union Parishads in 19 Upazials and 7 Districts.

Millennium Development Goals (MDGs) No. 7 and No. 1 or Sustainable Development Goals (SDGs) No. 1, 9, 11, and 13.

Table 1. LoCAL Goal, Outcomes and Expected Outputs

Objective	Description
Overall Goal	Promote climate change resilient communities and economies by increasing financing for and investment in climate change adaptation at the local level in least developed countries, thereby contributing to the achievement of the Millennium Development Goals (MDGs), particularly the specific goals of poverty reduction (MDG1) and environmental sustainability (MDG7).
Expected Outcome	Increased local government access to climate finance to implement climate change adaptation activities in target countries.
Output 1	CCA is mainstreamed into government's planning and budgeting systems
Output 2	Increased awareness of and response to climate change at the local level
Output 3	Increased amount of CCA finance available to local government and local economy

Source: Project Document[5]

2. Key contextual factors

The very design of the programme acknowledges the importance of country-specific and even location-specific factors in its implementation, for example the fact that investment menus are defined at the country level and that prioritization of adaptation investments is driven by local actors. Moreover, climate change affects differently each of the participating countries, and thus triggers different types of responses with differing priorities. While the programme does not directly focus on disaster risk reduction and recovery, the process of mainstreaming climate change adaptation and the specific investments it supports contribute to reduce the vulnerability of targeted populations to extreme weather events related to climate variability and change. Overall the programme takes into account the poverty-environment nexus, directly linking with the Poverty-Environment Initiative implemented by UNDP and UN Environment in some countries. The countries where LoCAL is currently implemented have benefitted from relatively stable political situations, except for Mali and Niger who are still facing security issues – for instance Diffa had 64 Boko Haram attacks only in 2017. Not all countries have fully functioning fiscal decentralization mechanisms, with varying level of capacities and economic development to start with, which may impact the way in which LoCAL is implemented in each location.

[5] In addition to the mentioned outputs, Output 4 focuses on programme management. In particular, it reads: "project effectively, efficiently and transparently implemented in line with UNCDF project management regulations".

3. Current programme implementation status

LoCAL is currently being implemented in 13 countries. The countries currently implementing Phase 1 are Ghana, Lao PDR, Lesotho, Mali, Mozambique, Niger, Nepal, Tanzania and Tuvalu. The countries currently implementing Phase 2 are Bangladesh, Benin and Cambodia. However, Ghana, Mali, and Niger have finalized Phase 1 and prepared for Phase 2, which will be entered pending mobilization of financial resources. Cambodia and Bhutan have finalized Phase 2 and are currently preparing for Phase 3 implementation. In addition, two countries (Uganda and the Gambia) have expressed interest in participating and benefitted respectively from scoping studies in 2016 and design work in 2017.

Table 2. Implementation of LoCAL for 2014-2016

Output Indicators and Output Targets for Year 3 (as per the Project Document)	Implementation status to date
Output 1: Mainstreaming	
Phase I LoCAL programmes designed and adopted in 36 LGs in an 12 countries in Asia and Africa	LoCAL programmes have been designed and adopted in 13 countries in Asia, Africa and the Pacific including 68 local governments
Number of local governments in participating countries using the PBCRG as part of the LoCAL programme: 30 LGs in 10 participating countries	68 local governments in 13 countries are using the PBCRG system
% of participating local governments which have integrated the PBCRG system into their PEM/Intergovernmental Fiscal : 45% of participating LGs	72% of participating local governments have integrated the PBCRG system into their intergovernmental fiscal transfer system
Number of private and public / private adaptation and resilience projects identified under LoCAL project: Target TBD	0
Number of projects under 1.4 linked to Local Finance Initiative: Target TBD	0[6]
Output 2: Awareness	
70% of participating LGs approve their development plan and budget with CCA activities within Q1 of their fiscal year.	Most LGs approve their plans and budgets to include CCA activities on a yearly basis. No information is available on the timeliness of this approval.
60% of budgeted CCA activities implemented in 70% of participating LGs.	At least 60% of budgeted CCA activities have been implemented for 80% of the countries.

[6] The programme in the Gambia will have that feature.

LoCAL Forum established: TBD	The LoCAL Forum has been established[7]
Output 3: Finance	
Percent change in international CCA funds earmarked for LG Use: 5% increase	Information not available
Percent change in national government CCA funds earmarked for LG use in participating countries: Global CCA funds earmarked for LG in participating countries increase by 15% over baseline	No baseline available
Percent change in LG own revenue earmarked for CCA activities in participating countries: 15% increase	No baseline available
Percent change in climate finance at the local level from the private sector: 10% of climate finance at the local level funded by private sector	0%
Output 4: Implementation	
Project monitoring and reporting is undertaken in a timely fashion (quarterly, annually)	Yes
LoCAL Secretariat fully staffed and implementing the project in accordance with the Project Management Implementation Guidelines; the Project Board meets on a regular (annual) basis	Yes for guidelines and meetings, not fully for the staff
Resource mobilisation is undertaken and donor coordination/relations maintained	Yes
Project is evaluated and audited at mid-term point and findings are fed back into the project planning process.	Yes for the evaluation and audit. Feeding back would need to be undertaken after this evaluation.

4. Current programme financial status

Table 3. Overall financial status

Sources	Budget			Expenditure			Percentage Expended		
	Y1	Y2	Y3	Y1	Y2	Y3	Y1	Y2	Y3
Sida/PFIS	900,000	296,696	443,920	864,902	296,696	426,858	96%	100%	96%
Sida/Cambodia	454,000	619,681	33,245	377,319	594,987	23,652	83%	96%	71%

[7] As per the 2014 and 2015 LoCAL Annual Reports

Government of Liechtenstein	55,432		51,351	55,432		50,005	100%		97%
UNCDF	250,000	103,684		237,453	103,684		95%	100%	
European Union / GCCA+	1,131,908	1,300,000	966,706	775,174	1,298,705	781,877	68%	100%	81%
Government of Belgium		88,423	501,320		88,422	511,377		100%	102%
Sida Booster Fund		1,293,428	1,420,450		1,095,682	1,335,941		85%	94%
UNDP-GEF		1,095,553	918,143		1,006,144	918,143		92%	100%
Total	**2,791,340**	**4,797,465**	**4,335,135**	**2,310,280**	**4,484,320**	**4,047,853**	**83%**	**93%**	**93%**

Source: 2014, 2015, 2016 Annual Reports

III. Evaluation Approach and Methodology

This evaluation, which is both summative and formative, followed the UNCDF's Evaluation Plan 2016-2017 and its broader evaluation policy, and the United Nations Evaluation Group (UNEG)'s Norms and Standards for Evaluation in the United Nations (UN) System.

The evaluation used a theory of change (ToC) approach in that it focused on analysing the links that exist between each of the ToC components with the purpose of understanding whether the current programme design, implementation, strategy and context are likely to drive the change that is pursued through this intervention. To this end, a ToC was drafted during the inception phase, and it was used as the starting point for the design of the evaluation. In particular the evaluation matrix and a set of revised evaluation questions and sub-questions, building on those proposed in the ToRs for this evaluation, were agreed to with the programme and the Evaluation Unit through the validation process for the inception report, including indicators and sources of information that could shed light on gender equality and other crosscutting aspects. The evaluation used information not only on the progress of implementation of each of the programme phases, but on the context, on the role of the implementation partners, and on the policy changes brought about by the programme at global and country level. While a mid-term evaluation cannot measure final impacts, the evaluation team sought to draw a picture as to whether all the ingredients required to bring lasting change are in place, whether any risks should be addressed or any opportunities should be seized. The team placed a strong focus on assessing the contribution of LoCAL to improve local government capacity to access climate change adaptation financing, in the broader picture for climate action.

The evaluation used a mix of quantitative and qualitative methods and both secondary and primary data. This comprised document review; financial analysis; semi-structured interviews with programme staff and international, national and local partners; semi-structured focus group discussions with local partners and beneficiaries, women and men, girls and boys; and direct observation in the field. The data collected through these sources was consolidated and triangulated for each indicator and evaluation question, paying attention to gender issues, and used to support and inform analysis and findings in this evaluation report building on an evidence based assessment. The evaluation questions and sub-questions are organized along the five evaluation criteria proposed by the Organisation for Economic Cooperation and Development - Development Assistance Committee (OECD-DAC): Relevance, Effectiveness Efficiency, (Likely) Impact and Sustainability of results.

- **Relevance:** This criteria is used to assess the relevance and appropriateness of design of both the substance and the process of LoCAL, globally as a programme and most importantly, at the local and national levels, to tackle climate change adaptation needs;
- **Efficiency:** The review of efficiency focuses on the quality of the outputs delivered and of the collaboration with partners. It also assesses the quality of programme management and its cost and time efficiency;
- **Effectiveness:** Effectiveness measures the programme's progress in achieving its expected results in terms of changes in the capacity of direct programme partners, and in supporting mainstreaming climate adaptation into planning and budgeting systems at both national and local levels in partner countries;
- **Likely impact:** This criterion assesses the likelihood of the programme to support increased flows of additional climate finance to the local level, as well as changes in the living conditions of the beneficiaries targeted by the investments, taking gender into account. The analysis also includes researching for any unplanned positive or adverse impacts;
- **Sustainability:** The evaluation analyses whether the results/changes generated by the programme are likely to be sustained over time, independently from the continued existence of the programme.

This evaluation used a rigorous learning process that involved defining the scope and the information needs, and undertaking thorough research, efficient data processing and triangulation, in-depth analysis, and user-oriented reporting. It is based on the Evaluation Matrix that was agreed on during the Inception stage, and which is included in this report as Annex 2. It is built around five main questions corresponding to the five above-mentioned evaluation criteria and sets of sub-questions for which various performance indicators seek to provide answers. For each sub-question, a judgement criteria has been established. The building of strong, evidence-based arguments based on a solid and inclusive methodology ensures the validity of this exercise. Coordinating the evaluation process with UNCDF's Evaluation Unit also contributed to an efficient implementation.

The evaluation was conducted over a period of twelve months (March 2017 – February 2018) by a four-person team. It was initiated by the preparation of an Inception report. Field visits to Bhutan, Cambodia and Niger were undertaken by three of the team members who developed detailed country reports that are provided as an annex to this evaluation report. Global data collection was undertaken, from in-person and documentary sources, focusing on the global implementation of the programme, while placing special emphasis on a few additional countries (Bangladesh, Benin, Mozambique and Tuvalu). All this data collection was structured along the evaluation matrix, and the team could therefore aggregate and compare data across multiple sources to build each chapter of the evaluation report.

In the following pages, the findings of the evaluation (Section IV) present the evidence collected and the analysis that was undertaken. This is used to develop a series of conclusions as well as forward-looking recommendations (Section V).

Several methodological and practical challenges were encountered during this evaluation, some of which constituted limits to this evaluation. The baseline information available was scarce at times. One some occasions, the team was not able to generate a retrospective baseline value. Despite the volume of documentation provided to the evaluation team, data available was often incomplete or difficult to locate.

IV. Evaluation Findings

1. Relevance

The relevance of LoCAL was assessed according to several dimensions including alignment of the programme with global, national and local priorities for development, CCA and decentralization. In addition, the relevance was considered within the context of the additionality brought in by LoCAL, the relevance of the programme design in connection to the programme objectives, the type of support to the programme by other organizations and the linkages with cross-cutting issues such as gender and vulnerable groups. Overall, the evaluation has found LoCAL relevant as a stand-alone programme working directly with local governments in implementing performance-based climate resilient grants.

1.1. Relevance to the international and national development, CCA and decentralization agendas

The evaluation team concluded that the programme was relevant to international and national priorities. This was concluded by assessing two dimensions.

Alignment at the international level. LoCAL is well aligned with United Nations and global development, decentralization and climate change adaptation priorities with room for expansion on urban and coastal areas. The review shows that LoCAL design is relevant to the Millennium Development Goal (MDG) 7 (environmental sustainability), directly, and to MDG 1 (eradicate extreme poverty and hunger), indirectly, as well as to Sustainable Development Goal (SDG) 13 (climate action), and indirectly to SDGs 1 (no poverty), 2 (zero hunger), 5 (gender equality), 6 (clean water and sanitation), 7 (affordable and clean energy), 9 (industry, innovation and infrastructure) and 17 (partnerships for the goals). Furthermore, LoCAL priorities are in tune with current global climate change priorities as set in the Paris Agreement, the reports of the Intergovernmental Panel on Climate Change (IPCC) and international climate change funds such as the Green Climate Fund and the Global Environment Facility, in terms of focusing on adaptation, LDCs and local governments. In addition, the present evaluation concludes that LoCAL is aligned with current global decentralisation priorities, as identified by the Development Partners Network on Decentralisation and Local Governance, in terms of building on existing institutional arrangements, fiscal transfer systems and local governments' capacities to channel development finance at the local level, and seeking to involve national and local governments, communities and the private sector. However, recognizing that priorities are agreed with participating countries, and that financial transfers to most cities might require a different financial mechanism, desk review suggests that LoCAL could further strengthen this alignment by also addressing crucial development, decentralisation and adaptation aspects related to urban areas, since these are some of the most vulnerable areas in many of the LDCs. While LoCAL covers coastal areas to some extent (i.e. working in Tuvalu and with some work in coastal areas in Ghana), there is also room for expansion in this front. Furthermore, alignment with global priorities could be strengthened by further engaging the private sector as part of the adaptation measures. Expanding on these aspects may require adjustments that programme management is now wisely considering.

Alignment at the national level. At the country level, the evaluation found that LoCAL is congruous with national development, decentralization and climate change adaptation priorities, as determined from desk reviews of relevant documents (laws, policies, strategies and plans) and interviews at national and subnational levels. While LoCAL excludes important national adaptation priorities, such as those related to urban areas, and in some countries overlooks the importance of coastal areas, documents and interviews indicate that the programme's adaptation priorities, such as agriculture (including irrigation), water and sanitation and transport infrastructure, are key national adaptation priorities. On the other hand, the selection of LoCAL countries was more opportunistic than strategic from the point of view of vulnerability to CC (while all LDCs are vulnerable to CC, the degree of vulnerability does not seem to have been a critical criterion– the description of each criterion does not draw a clear threshold for accepting or rejecting a country), and it was primarily based on countries where UNCDF was already active in the field of fiscal decentralization. Indeed, UNCDF is working on several programmes in almost all of the countries where LoCAL is being implemented. The only countries where LoCAL seems to be the only ongoing UNCDF programme are Bhutan and Tuvalu, while Ghana is the only country where LoCAL is the only programme from the Local Development Finance channel. UNCDF has been active in most of these countries for decades. However, all participating countries respond to the programme's country eligibility criteria.

1.2. Accessing CCA finance for LDCs and local governments

CCA financial support to LDCs and particularly local governments. LoCAL's efforts to improve the access of LCCs and local governments to CCA finance are relevant. CCA finance accessible to local governments in LDCs and LoCAL participating countries is limited. Documentation review and interviews demonstrate a considerable amount of resources flows to LDCs and LoCAL participating countries for CCA. According to the Climate Funds Update (CFU), USD 1,122 m has been channelled to these countries in the period 2013-2017 through multilateral public finance alone. However, international and national documents, including the NDCs, and interviewees point out that availability of finance, external and domestic, for adaptation, in general, and for LDCs in particular, is still a challenge in view of significant needs. According to UN Environment's 2016 Adaptation Gap Report (p. xiv), which focuses on the financial gap, current adaptation costs are likely to be at least 2 to3 times higher than international public finance for adaptation. Information on LoCAL countries confirms this. For instance in Niger 79% of the financial resources needed to implement the adaptation actions included in the INDC are not available – in part due to the security focused investment situation in the country, but above all to the significant needs when compared to the resources available to the country more generally. International adaptation funding has concentrated on infrastructure and agriculture.

With respect to access specifically by local governments in LDCs and LoCAL participating countries, desk review and interviews indicate that the availability of CCA finance is especially limited. These sources reveal that most of the internationally funded CCA programmes in those countries are managed by the central governments, NGOs or international organizations. Decentralized domestic resources are also very limited, given the limited capacity of local governments to generate revenue and the fact that transfers from central governments tend to be small. Desk review and interviews show that development partners are significantly promoting decentralisation in LDCs, increasing in some cases the resources available in local governments. Although the resources flowing through these programmes and projects don't necessarily focus on climate change adaptation, they sometimes consider areas covered by LoCAL, given the multisectoral scope of CCA. Interviews at national and sub-national level point out that both national and local governments in LDCs and LoCAL participating countries conduct some CCA activities outside of LoCAL.

Barriers to access CCA financing. LDCs and LoCAL countries face different types of barriers to access CCA finance. As shown in Table 4, LoCAL is substantively contributing to overcome a majority of these important barriers, while impacts are mixed on others.

Table 4. Barriers to access CCA financing addressed by LoCAL

Barrier	LoCAL's contribution to overcome them	
Limited awareness in the international climate change financial arena of the importance of supporting adaptation in LDCs .	Substantive	LoCAL is significantly contributing to raise awareness of the importance of supporting CCA in LDCs.
Limited accreditation of LDC institutions before international climate change funds	Substantive	LoCAL is supporting the accreditation of national institutions before international climate change funds
Limited awareness of the importance of the local level and local governments for adaptation	Substantive	LoCAL is contributing to raise the profile of the national institutions in charge of decentralisation and of local government themselves in the overall development and in the climate change agendas,

		showing that a bottom-up approach is not only more adequate, but it can also be efficient.
Weak management and adaptation capacity at national and local levels in LDCs	Mixed	In some countries, such as Cambodia and Bhutan, which have completed phase 2, through a learning by doing approach, LoCAL is contributing considerably to strengthen the management and specific climate change adaptation-related knowledge, skills and buy-in at the national and local levels. However, in some other countries, such as Niger, in phase 1, LoCAL's contribution to build adaptation capacities is so far still limited. Despite the positive efforts of the programme on training and the provision of technical support, a poor understanding of the additionality of climate change is still dominant.
Limited explicit political commitment to CCA at national and local levels in LDCs	Mixed	

1.3. Additionality of the approach brought by LoCAL

So far, LoCAL has added value to climate change adaptation programmes in terms of mechanisms and processes used for financial flows, but there is room for improvement in contributing substantively to the mainstreaming of climate change concerns in decentralisation programmes. Desk review and interviews with development partners and programme staff at the global level indicate that, while not being the only global programme on climate change adaptation to work directly with local governments in LDCs (among others, UNDP, UN Environment and UN-HABITAT also work on this front), LoCAL is one of the first climate change adaptation programmes to go beyond climate change capacity building and planning and transfer resources to these governments through national systems for them to execute and invest in specific adaptation measures. It is also one of the first climate change adaptation programmes to use a performance-based grant system and proving the effectiveness of decentralized management processes, as well as having a relatively robust maturity model, as discussed below. Desk review, interviews at the global and country level and field visits suggest that LoCAL's added value to the actual mainstreaming of climate issues in decentralisation programmes is less prominent. Although climate change is absent in most of the other decentralisation programmes, these sources indicate that the climate change content of LoCAL is still in its infancy and being nurtured in some participating countries, building on their limited and varying capacity to tackle these issues to start with. While concerns in this regard are less prominent in Cambodia and Bhutan, in Niger the climate change component is not that clear. Indeed, collected evidence suggests that LoCAL investments are not significantly different from those of programmes focusing on decentralisation and general rural development. Desk review and interviews at the programme level show that the programme is making efforts to strengthen this aspect as it moves along, as discussed in the efficiency section.

1.4. Relevance of the program design to its objectives

Alignment with UNCDF priorities and agenda at the global level. A desk review of LoCAL objectives and approaches against UNCDF's priorities and agenda at the global level shows that LoCAL is very well aligned, in terms of geographical focus, top-up and phasing approaches, and tools, especially with the Local Development Finance channel.

The three phase approach. LoCAL is operationalized in three phases: piloting, learning, and scaling up which provides a more sustainable approach than other international programmes, and adds value in this regard.[8] However, desk review and interviews with programme staff at the global and country levels point out that, while it has proved the approach is convenient, implementation of the programme presents significant challenges. On the one hand, some aspects have proved too vague. Addressed in the new designs, the lack of definition of "appropriate tier" – no indication of what appropriateness means[9] – has demonstrated to be problematic in the allocation of funds in countries such as Bhutan and in monitoring, reporting and evaluation globally. In addition, specific minimum and maximum thresholds regarding proportion of investment grant versus local government budget and management is not provided in the programme document, which could be helpful to deal with pressure from some participating countries to extend it to new local governments with limited resources. On the other hand, some other aspects seemed too rigid in early implementation. Interviews at the global and country level reveal that the number of local governments to be covered in phase 2 and the timing might not have been realistic in all, if not most cases given the capacity and resources available. To its credit, the programme has recently integrated the learning on this front and now refers to 5-10 local governments and not 5-10% of local governments.

Coherence of the program activities with outputs and outcomes. Necessary efforts are ongoing to improve the coherence of programme activities, outcomes, outputs. Although the programme document provides a logic model it does not provide a theory of change to underpin the programme's strategy towards a clear vision. This limited strategic vision is visible in the logic model, with the stated outcome acting in reality as an output and being redundant with output 3, which in turns mostly reads like an input. As pointed out by WRI, outcomes and outputs are "narrowly - and oddly - focused on the underlying strategy of increasing finance for CCA as an end in and of itself, rather than towards the stated goal of 'climate resilient communities and economies'". In this sense, documentation review and interviews indicate that the programme could have strengthened output 1 on climate change adaptation mainstreaming, ensuring climate change additionality.

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[8] Documentation review and interview with development partners show that UNDP, UN Environment and UN-HABITAT global programmes on local adaptation do not have an explicit or clear phasing model at country level beyond expecting resources to flow after they have supported the planning processes.

[9] In the new designs this is defined as the lowest level of government where planning takes place and that has a dedicated budget.

1.5. Support to programme objectives by partners

Mechanisms included in the programme design to engage different partners. The Programme design included a diverse range of mechanisms to engage partners. The programme document indicates that the programme would involve several UN agencies, national and local governments, communities and the private sector. At country level development partners would also be involved. In addition, LoCAL would link with other UNCDF programmes. Besides, technical partnerships would be established with some institutions in order to provide confidence to sources of climate finance that the LoCAL window will lead to effective and efficient resilience and leverage funds. Nevertheless, some important players, such as UN-HABITAT and decentralized cooperation, are not clearly considered in the programme document.

Level of support to programme objectives by partners. Desk review and interviews reveal that, while LoCAL uses a diverse range of mechanisms to engage partners and has built a fair amount of support in view of what was originally planned, there is significant room for improvement at different levels, as discussed below:

<u>International</u>: Desk review shows that the programme has mobilised significant financial support from development partners. According to the 2016 Global Annual Report (p. 19), by the end of 2016, LoCAL had mobilized about USD 35 m. So far most of this has been provided by bilateral centralized partners, with limited mobilization from multilateral sources, except the EU. Documentation review also demonstrates that LoCAL has mobilized technical support from development partners at the global level, although results of these partnerships are not yet available. In particular, KEI is supporting participating countries in developing science-based climate change frameworks, starting with Bhutan and Cambodia, while WRI is developing a climate change resilience monitoring and evaluation framework. Besides, the Hague Academy will contribute to capacity building. Interviews evidence that complementarities have been established also in some countries (i.e. with UNDP/UNEP PEI in Bangladesh, Bhutan, Mali and Nepal and IIED in Tanzania), with room for further coordination with internationally funded complementary programmes and projects in all countries (e.g. IFAD in Cambodia, WB in Niger). Interviews with programme staff at the global level indicate that more recently LoCAL has been making efforts to mobilized resources from international climate change funds, particularly the GCF, multilateral organisations, especially regional banks, and multi-donor funds. The same sources point out that the programme has started recently to try to link to other UNCDF programmes, regarding the private sector (LFI), CleanStart and Youthstart.

<u>National</u>: Interviews and observation indicate that participating governments play a key role in the strategic management of the programme, as members of the Board. Desk review and interviews at country level show that in all participating countries national governments play a crucial role in the implementation of the programme, as its day-to-day management is integrated into the government systems, which implies significant in-kind contribution in terms of staff, equipment and vehicles. Desk review demonstrates that some participating countries have also provided direct financial contributions. At least USD 1,100,000 have been mobilized for the programme through national contributions. While

the programme seems to be successful in engaging the national designated authority or the national implementing entity, typically the one in charge of decentralisation, different sources suggests that, although some coordination seems to be in place, in some countries LoCAL has been less successful in involving other national stakeholders, such as the ministries of finance and environment, as well as line ministries such as agriculture and rural development. In these countries this compromises the technical quality of the programme in the short term and its sustainability in the medium term.

Sub-national: Desk review and interviews at country level show that local governments are providing in-kind co-financing in terms of support of government staff at provincial/district and county/commune level to carry out all activities on the ground. Typically, regional or district governments are in charge of monitoring and county/commune governments in charge of selecting activities, receiving the funding and managing the investment process.

Co-financing at the sub-project level: Documentation review indicates that, by June 2017, co-financing at the sub-project level had taken place in six or 60% of the participating countries. With the exception of Ghana, co-financing didn't exist in any of the participating African countries, while this existed in all participating Asian countries, although here it is not constant. Documentation review reveals that there is no clear pattern in terms of source, overall percentage and percentage per measure, general coverage and coverage by type of investment across countries providing co-financing at this level. It is worth noting that while the idea is that LoCAL would cover the additional cost of climate-proofing the infrastructure while participating countries, ideally with the involvement of local governments, would cover the normal non-climate related cost, existing evidence suggests that a specific analysis and budgeting of climate proofing a particular infrastructure is not always conducted as part of the LoCAL process.

Community: Focus group discussions indicate that, in Cambodia and Niger, some communities have also provided in-cash co-financing. These discussions also point out that user groups have been created in some cases and make financial contributions to maintain the investments. For instance, in Bhutan, communities conducted most construction works and provide free labour in some cases.

Private sector: The programme document shows that the engagement of the private sector was an important element of LoCAL. However, desk review and interviews at country level reveal that this stakeholder has typically only been involved as contractors for constructing infrastructure in some countries so far. Interviews with UNCDF point out that programme management is currently conducting efforts to address this, strengthening coordination with the rest of the Local Development Finance Practice portfolio and developing concept notes. In particular, two concept notes are being developed for Tanzania, one for Cambodia and one for Ghana. New designs in a number of African countries (Ghana, Niger, Mali and Burkina) also seek to engage the private sector. While these seem to be conscious of the challenges of LoCAL in this regard, desk review, interviews at country level and observation in the field suggest that engaging the private sector would likely require adjustments in the approach of the programme in terms of geographic focus, integrated approaches and complementarities with other programmes, given that limited size, spread and nature of interventions do not provide an incentive for traditional private sector investments under the programme, especially in the least developed LDCs of West Africa, such as Niger[10].

1.6. Linkages with cross cutting issues

The evaluation concluded that cross-cutting issues such as gender equality and vulnerable communities are not adequately considered in the programme document. Programme management is taking actions to address this in some countries. This was concluded by assessing two dimensions.

Gender. Gender equality is not adequately considered in the context assessment, the objectives, activities and the M&E framework of LoCAL. As noted above, the programme document includes a gender strategy claiming that LoCAL's approach "is by design gender-sensitive". However, this strategy seems a bit too optimistic, given that strengthening the planning and budgeting process for CCA at local level does not necessarily result in gender-sensitivity, as this depends on the gender structures at local level. Furthermore, documentation review shows that data on gender was not routinely collected. The latest aggregated sub-project information made available to the evaluation team provides incomplete disaggregated information on gender only for two of the ten participating countries. Desk review, interviews with development partners and national and sub-national partners, and focus group discussions point out that in the field the contribution of LoCAL to gender equality was mixed. In Cambodia and Bhutan desk review and interviews suggest that women have been involved in a substantive manner in all project processes and activities, but, except in Mali, in West African countries desk review and interviews suggest that the participation of women in awareness raising and capacity building activities has been limited. Although existing information is not conclusive on the contribution of LoCAL investments in infrastructure to gender equality, this suggests that some of them could have inadvertently contributed to this. Interviews with UNCDF suggest that programme management is taking actions to address this in Cambodia and Bangladesh and Mali where a gender expert was recruited to inform phase II.

Extent to which the programme is taking vulnerable communities into account

While vulnerable communities are not adequately considered in the programme document, implementation seems to benefit them considerably. The project document states that LoCAL focuses on the interests and needs of communities. However, a clear strategy on this seems to be absent. Interviews at country level and observation show that in the field the types of communities where LoCAL is typically active are by nature formed of largely vulnerable populations. Nevertheless, documentation review indicates that the programme could do a much better job at documenting the vulnerability of its beneficiaries in a systematic way – information is only available for one country and one year.

[10] It is not a surprise that in this country a World Bank project on resilience originally included a component on climate insurance that was later removed given the difficulties to operationalize it.

Other aspects

While the programme does not directly focus on disaster risk reduction and recovery, the process of mainstreaming climate change adaptation and the specific investments it supports contribute to reducing the vulnerability of targeted populations to extreme weather events related to climate variability and change. Overall the programme takes into account the poverty-environment nexus, directly linking with the Poverty-Environment Initiative implemented by UNDP and UN Environment in some countries. Efforts to increase resilience include the promotion of sustainable and resilient livelihoods, given that many investments are related to agricultural production (for details see section 4 on likely impacts). Although the programme doesn't focus on security issues, it is working in some countries with security tension, such as Mali and Niger.

2. Efficiency

This section describes programme deliverables and the extent to which the programme is appropriately managed and overseen. In particular, there are three aspects of efficiency that are assessed: the quality of the programme management, programme delivery and the quality, including the usefulness, of the program`s monitoring and evaluation system. The evaluation has found LoCAL to be generally efficient in its management and approach. Regarding targets, as illustrated in table 2, to a great extent, LoCAL has met a number of its key targets for 2016. The RRF establishes 16 targets, 4 of which refer to project management. Of the remaining 12, it is possible to assess the performance on 6. Of these, LoCAL has met 5, namely the number of participating countries and local governments, the percentage of participating countries using PBCRG systems, the percentage of implemented activities and the establishment of a LoCAL Forum. The project has not met the target regarding the percentage change in climate finance at the local level from the private sector. There is no target, baseline or clear information on performance for the other monitoring and evaluation indicators. The targets on project management have been overall met.

2.1. Quality of programme management

Programme management quality is generally good with room for improvement. The programme management mandate and roles are well aligned with the needs of the programme. Direct observation, desk review and country visits indicate that these have essentially been implemented as proposed in programme design. Data confirms that the Project Board - which is comprised of UNDCF, representatives of the governments that have signed the LoCAL MoU and joined the programme and senior suppliers (donors) - acts as the overarching project body for the management and implementation of the programme at the global level. Data also confirms that LoCAL is implemented through Memorandum of Understanding (MoUs) and Letters of Agreement (LoAs) with participating governments at the country level.

The actual programme management costs represented 15% of all costs in the 2014-16 period (the planned percentage was 14%). The percentage of the budget allocated to programme management decreased steadily in the period, from around 25% in 2014 to 6% in 2016. While it was mostly spent in 2014 and 2015, only 80% of the resources planned for programme management were actually spent in 2016. The management cost of LoCAL is substantially lower than other global programs that manage small grants programs, as national and local authorities perform part of the management functions, thus reducing the transaction cost in general. Some examples for comparison include: the Small Grant Programme (SGP) supported by the GEF and managed by UNDP which has a management cost of 31%; the Critical Ecosystems Partnership Fund (CEPF), with a management cost of 25%; and the Small Initiatives Programme supported by the French Global Environment Fund (FGEF), with a management cost of 18-21%[11]. It should be noted that the various funds just mentioned have somewhat of a different approach, as they work through NGOs while LoCAL works with and through governments´ systems, and has therefore significant support from national staff, which is expected to reduce management costs. That being said, the management of small scale investments at the local level through a global programme nevertheless is typically more management intensive as it entails additional costs to reach the lower tier and build the associated capacity. However, the 2016 management cost ratio may need to be maintained as a benchmark to mobilize resources from international funds, such as the GCF, at least in countries where the programme is reaching phase III[12] and associated economies of scale.

Given that by its very nature, LoCAL follows national processes for funding approvals and disbursements, transfers from UNCDF to the national system are not seen as a source of delays or complaints, but in most countries national processes tend to take long. For instance, in Cambodia the transfer from the national government to local governments has to follow 14 steps. In addition, local public procurement processes tend to be long. For example, in Benin contracting at local level can take 3-4 months.

There are no significant bottlenecks at the strategic level. Indeed, at the global level the functioning of the Programme Board has not only contributed to the expansion of the programme, but has turned it into an opportunity for south-south exchange on local government-led climate change adaptation. Data collected shows that Programme Steering Committees are also working well at the national level.

While the management system works reasonably well, there are some bottlenecks at the global and country levels. Management teams tend to be stretched at both the global and national levels, especially as the programme scales up. At global level, two positions mentioned in the project document (an Asia Manager and a monitoring and evaluation official) have not been filled. A key informant indicated that it takes usually long to get feedback from LoCAL staff and that this is not always substantive. At the

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[11] Source: Evaluation of the French contribution to the CEPF conducted by Baastel.

[12] There isn't a clear guidance for other kind of projects in the Concept Note User's Guidance or the Funding Proposal Form. However, GCF's initial monitoring and accessibility framework for accredited entities indicates that the cap fee for cross-cutting and adaptation projects is 7% for project with a budget smaller than USD 50 million, and 6% for those with a budget greater than that. These fees would cover proposal preparation; project or programme implementation programme implementation and supervision; project or programme completion programme completion and evaluations; and reporting.

country level, interviews in Niger suggest that the capacity of the national management team is limited in view of the geographic programme coverage.

UNCDF assistance at country level is affected by the availability of human resources. In Niger, the UNCDF's focal point's involvement in the programme seems to be limited. In some countries, like Bhutan, UNCDF does not have full-time technical staff. In this case, as well as in Cambodia, where the technical capacity of the UNCDF staff is limited, the programme relies on a small number of highly technical consultants, which while in principle external, are hired on a very regular basis to deploy fundamental aspects of the programme. Although long term agreements with consultants help and have some advantages, this structure has some limits. It can sometimes compromise the independence of consultants, which is crucial for certain tasks, such as evaluations. It also limits knowledge transfer through the programme. Furthermore, it does not strengthen regular and formal channels of communication between the programme at the global level and the national partners at the country level: information flows through a consultant regularly hired by UNCDF, but who is not formally UNCDF staff and is not permanently working on LoCAL. In Bhutan, for instance, interviews with national stakeholders reveal that there is room to improve communication, especially regarding global processes that affect the country.

Moreover, funds for management-related logistics seem to be scarce in several countries. Government staff travelling to the field in Niger need to complement their government DSA with funds from his/her own resources, challenging the management function of the project in the longer term. In Bangladesh, Benin and Tuvalu resources to monitor sites are also limited, particularly for transportation.

The combination of limited technical support and limited technical capacity at the local level also affects the ability of a given country programme to achieve its results. Interviews indicate that finding the individuals with the capacity at the local level to manage international projects is a challenge. Moreover, LoCAL uses national planning, budgeting and project management systems, but the corresponding national manuals are not always adequate. As noted in Bhutan, the Local Development Planning Manual is not practical to the implementation of LoCAL in the country.

In addition, the planning timeframe constitutes an administrative bottleneck for a number of countries. While for UNCDF the fiscal year follows the calendar year, in Cambodia it is from April to March and in Bhutan and Niger, from July to June. Interviews indicate this is also an issue in Bangladesh. This planning framework mismatch is a problem given that, since governments cannot carry over resources from one fiscal year to another, these have to be spent in a very short timeframe. In some cases, resources cannot even be spent in the same fiscal year. This is in any case not a specific feature of LoCAL, but a common bottleneck in development programs working through national fiscal systems. Nevertheless, the combination of this mismatch, the lengthy transfer and procurement processes within countries mentioned above and some external factors, such as monsoons in South East Asia, have resulted in delays in some cases, like in Cambodia. In Mozambique delays have taken place due to poor design of investments.

Despite these issues, national and local partners are overall satisfied with management. This is perhaps best depicted by the words of an interviewee who stressed the fact that, unlike other programmes, LoCAL relies on national institutions, strengthening the capacities of national stakeholders.

2.2. Programme delivery[13]

As shown in Table 5, LoCAL has reached its targets in terms of number of participating countries, as it is now being implemented in 12 countries across Africa, Asia and the Pacific. Eight countries are in Phase 1, three in Phase 2, and one in Phase 3. While it is highly unlikely that it will be able to involve all 48 LDCs and bring them to Phase III[14], the target of 16 countries set in the Resources and Results Framework seems realistic.

The programme has surpassed its targets in terms of participating local governments, and use and integration of the PBCRG system: 64 local governments are participating and using the PBCRG system, and 72% of these have integrated the PBCRG system in their inter-governmental fiscal transfer system. This is well above the target of 36 local governments and 45% rate of integration of the PBCRG.

Table 5. Planned and actual delivered quantitative results

Year	No. of countries		No. of local governments		% Local governments integrating PBCRG	
	Planned	Actual	Planned	Actual	Planned	Actual
2014	8	7	24	29	30	59
2015	10	11	30	57	30	89
2016	12	12	36	64	45	72

Source: Project Document and 2014, 2015 and 2016 Annual Reports

Disbursements have also remained high, above 80% for all outputs over the 3 years, except for Output 3 in Year 1. Overall, disbursements total 91% of planned budget. Expenses have also evolved as planned in the sense that the share in the budget of Output 1 (mainstreaming of climate change adaptation into government planning and budgeting systems) has increased steadily (from 64% to 79%) while that of Output 4 (on management) has decreased (from 28% to 6%). Most disbursements per donor have remained above 90%.

As of June 2017, 438 investments have been planned, are ongoing or have been completed in 10 countries. Bhutan and Cambodia are the ones with the most investments (89 and 187 respectively),

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[13] This section assesses the achievement of most of the targets for outputs 1, in particular targets on number of LoCAL country programmes, number of local governments, and percentage of local governments integrating PBCRG; as well as an outcome 2 target, namely percentage of budgeted CCA activities implemented.

[14] The Project Document (p. 16) mentions that: "Funding permitting, the project aims to cover all LDCs within its 5- year period and exit with all LDCs at Phase III and dedicated windows for local financing of adaptation and resilience established in national and global climate finance institutions."

followed by Nepal (50) and Bangladesh (35). In that data, the programme's investments (past, ongoing and planned) totalled USD 5,181,687.82, for an average value of USD 11,830 per investment. Seventy-nine percent (79%) of investments were completed, 19% are under implementation and 3% are planned. In total, 80% of the countries have implemented over 60% of budgeted climate change adaptation investments.

2.3. Programme´s monitoring systems

At the global level LoCAL has a well-conceived M&E strategy that includes a description of roles and responsibilities, a work plan and reporting requirements, but does not include a clear resource allocation for this M&E function. The situation at the national level is less satisfactory: although programme documents in some countries include an M&E strategy, they have some shortcomings, including non-specific requirements, absence of an M&E budget and unclear responsibilities.

The Results and Resources Framework (RRF) included in the programme document shows clear room for improvement at both outcome and output level. At outcome level the programme document proposes four indicators, but provides only three targets, no baselines, one of the targets is not measurable, and the other two are not very clear. Furthermore, means of verification are not provided. At output level, while some of them lack some level of precision, indicators are overall adequate. However, clear baseline information is only provided for 2 of the 12 indicators. Targets are provided for 9 of the 12 indicators, but lack precision overall to allow proper tracking and measurement. Furthermore, as highlighted in section 1.2, the logic model is not well designed. As noted in that section, at the strategic level, the logframe is presented more as a local government capacity programme rather than an adaptation programme.

A RRF was not developed in some countries, in other countries RRF were developed, but tend to be of limited use. For instance, in Cambodia, performance measurement frameworks were developed in phase 1 and 2, but with a significant number of deficits, such as non time-bound and no specific and measurable output indicators, even in Phase 2, which provides a more robust RRF. These weaknesses in the national M&E frameworks reflect a general situation for the vast majority of the countries covered under LoCAL.

Currently LoCAL does not have a systematic approach to data collection, management, or analysis. At the global level, there seems to be a gap in record keeping and knowledge management, with no essential repository of key documents. Typically, overall programme information is compiled into two central spreadsheets, but, at the time of this evaluation, no consolidated information was available at the global level in that document. Moreover, limited information is provided on results/impacts of the investments to assess and help reflect on the resilience impacts of the investments in particular. Furthermore, data is often incomplete and unclear and/or inconsistent at country level. While the global annual reports fill some of the gaps, they focus on annual achievements and don't provide a comprehensive picture of overall achievements. Financial information is also unclear.

Although this evaluation is the first to be conducted at the global level, WRI conducted a relevant assessment at the global level in 2015-2016. At the country level, the proportion of reports with lessons learned and recommendations with respect to LoCAL results remains below expectation. Evidence suggests that reporting is not conducted timely and is consistently incomplete.

Information is also unclear or inconsistent in important aspects. For instance, in Bhutan investments done during the first phase in several counties were considered as one investment if executed by the district, but the same investments would be considered as several ones if executed by the county. Perhaps more importantly the annual reports 2015 and 2016 do not systematically provide consolidated information and are not aligned with the consolidated table in issues as fundamental as number of investments and executed funds. There is a particular gap on financial information. Evaluations have been conducted in 2 of 4 phases in Cambodia and Bhutan, but independence was not ensured in all cases. Case studies have also been developed, for example on processes and tools to scale up the LoCAL mechanism in Cambodia.

The PBCRG system is based on three interlinked elements: the minimum conditions (MCs), the investment menu (IM) and the annual performance assessment (APA). The basic logic is that local governments must meet MCs to participate; adaptation measures must fall within the scope of the IM, which are drawn from CVA; and grant allocation is based on the performance, so that a bonus of additional funds is extended to good performers. Collected evidence suggests that there is substantive variation from country to country, and even within countries at different periods, in these three elements.

In general, as noted by WRI, the structure of MCs, IM and APA methodologies (or Performance Messures (PM)) tends to be weak on adaptation. Although in some country programmes MCs include references to climate change, MCs largely focus on whether a local government has the administrative capacity to participate in the program. Moreover, while they sometimes serve to filter out some projects with no clear CC relevance, and there has been progress recently, IM have not always provided guidance on selecting or ranking potential projects from a CCA perspective. Furthermore, APA methodologies typically do not directly assess whether and how interventions are effectively contributing to adaptation aims, with little or no reference to adaptation relevance or outcomes. Indeed, while PM typically are divided in two broad components, one on management and one on CCA, the items in the CCA component often focus on planning, mainstreaming or other government processes rather than CCA outcomes or impacts. For instance, in Bhutan, the PM focuses on public finance management and governance of overall local development plans; and performance of climate change adaptation investments, but some of the aspects on climate change also refer in reality to public finance, compromising the capacity of the assessment to reflect the resilience impacts of investments.

Collected evidence also shows indicators not being sensitive enough to track change over time. In Cambodia the 2012, 2013 and 2015 PM's were of limited relevance, with many indicators far from being sensitive enough to track change over time. The subjectivity of scores is also questioned. In Niger, for instance, ratings seem to be unreasonably high. Besides, changes in the PM have been common. Although it is certainly good to improve them, and some adjustments are reasonable in the pilot phase, it makes it difficult to assess the extent to which performance has improved overtime. While standardization methods can be applied, and have actually been applied for allocating grants, these are complex and compromise one of the key virtues of the APAs: that implementers can understand their progress and how this affects the resources they are allocated.

Developing an adequate PM is a complex exercise. It requires striking a tricky balance between technical soundness and costs, technical soundness and the capacity of local stakeholders to implement and understand the PM, and uniformity across the programme and local flexibility, particularly with country programmes being at different stages. Furthermore, PMs also need to balance a rigorous assessment of adaptation outcomes and a bottom-up approach in which CCA might not be the driving force. Assessing climate change adaptation in the short-term also brings technical difficulties.

Although it is unfortunate that an improved M&E system is not available three years into implementation, LoCAL is working to fill these gaps. In 2015 WRI embarked on a three-year partnership with UNCDF to specifically strengthen LoCAL's M&E systems. Given the recognized expertise of the WRI team and the soundness of the process and materials already delivered, this partnership is likely to result in a significantly useful tool that addresses a key weakness of the programme in a comprehensive way, linking clearer and stronger adaptation outcomes to every stage in the M&E process, including logframes, APAs methodologies and APAs themselves. Notwithstanding the former, this will depend on the level of ambition of the programme and the commitment and capacity to implement it.

3. Effectiveness

LoCAL is also overall an effective programme at this stage of implementation on the basis of the data available. The programme has contributed to changes in capacity of national and local governments to plan, budget and manage climate-adaptive investments across the countries in which it is operating. Regarding local governments, this section examines changes in four aspects: in the level of appreciation of local government representatives of the importance of implementing CCA actions, the availability of climate change vulnerability assessments, the number of local development plans that explicitly include climate change adaptation and the number and value of investments with CCA components implemented. The likely impacts section assesses the achievement of output 3, related to the amount of finance available to local governments for climate change adaptation and resilience, with the relevance section covering the targets in output 1 related to the private sector. The efficiency section assesses the achievement of the targets of output 1 and output 4 as well as an output 2 target.

3.1. Contribution to changes in capacity in targeted countries

At the national level, LoCAL has contributed to raise awareness of the importance of adaptation at the local level and through local governments. The selection of the national institutions in charge of decentralisation as the institutions to be accredited to the GCF is evidence to this effect. LoCAL has also contributed to strengthening the management and specific climate change adaptation-related knowledge and skills. In Bhutan national institutions indicate that the programme has helped them think along the lines needed to get CCA funding from development partners, and to meet their specific conditions, which are quite demanding in some cases, such as with the EU. However, as noted in the relevance section, while the programme seems to be successful in engaging the national implementing entity, typically the one in charge of decentralisation, in some countries there is room for further engaging the ministries of environment, finance and agriculture to increase awareness and ownership of the programme and its results. As explained later in the likely impacts section, while some countries are already co-financing the programme, so far LoCAL is mostly setting the ground for this to happen in the future. Some countries are increasing the resources transferred to the local governments, but this it is not necessarily for adaptation, and it is not necessarily the result of the programme.

Awareness of CCA by local government representatives. LoCAL has conducted significant efforts to raise awareness and build capacity on planning, budgeting and management of climate change adaptation at the local level. To that effect, LoCAL has organized a significant number of trainings on climate change and resilience, local planning and PBCRGs at both global and country levels. In addition to training workshops, in some countries LoCAL has supported the development of national guidelines or manuals. For instance, in Bhutan a Climate Change Adaptation Planning Guideline was developed, together with the PAM, to facilitate the planning and utilization of PBCRG by local governments. Moreover, at local level, some PBCRG were used for awareness raising and capacity building. There were 108 capacity building and awareness raising investments made, equivalent to respectively 17% and 8% of the total number of measures and representing a total of USD 287,926 or 7% of the total investment budget. These investments covered a wide range of topics, from early warning systems to farming and human health. Learning derived from the actual implementation of the programme and technical assistance also contributed to this.

While awareness and capacity has been built to a certain extent, there is still ample room to further the achievement of this result in view of the existing starting point and learning process on this front in most countries. Indeed, in some countries the programme is still young. In countries where the programme is older, like in Cambodia, performance assessment criteria have changed significantly and some were weak. While interviews at local level indicate that local governments and communities believe they have made progress on this front, field visits and a considerable number of interviewees suggest that there is still significant room for improvement in terms of awareness and capacity to mainstream and foster adaptation and climate resilient investments. For instance in Cambodia responses from local governments were often evasive and limited and ownership of the principle of performance-based allocation appears weak. In Niger distinction between development and climate change is still weak amongst key stakeholders involved in the programme. In this regard, interviews suggest that the targeted population of training (elected representatives) should have been wider, covering also the technical services, and the two communes (it was only conducted in one); and that it was a bit short (2 days) and theoretical (it would have been good to use the tools). Interviews in Bangladesh indicate that it has been difficult to shift from the conventional concept of development towards CCA actions, still focusing on short term benefits, and that government officials consider LoCAL activities an extra burden.

Interviewees in this country claim in this sense that the project selection process is still more supply driven than demand based. While LoCAL is already doing considerable effort in training, it might be worth to strengthen these efforts, particularly in countries where it is not complemented by programmes from other development partners focusing on capacity building. In some countries, particularly in West Africa, except in Mali where significant efforts were noted, there is also room to further engage women in awareness raising and capacity building activities.

Availability of climate vulnerability assessments. LoCAL has increased the number of vulnerability and risk assessments (VRA) available at local level, with these being conducted for each of the provinces where it is active. For example, in Cambodia VRAs, including vulnerability maps, were carried out in 28 communes and sangkats at the beginning – VRA had not been conducted in these communes and sangkats before LoCAL. The programme is also contributing to build capacities of local governments in this regard. For instance, in Bhutan, after years of VRAs being conducted by a consultant, training workshops were conducted and now VRAs are led by local government officers. Besides, in an indirect way LoCAL is generating information that could be used in vulnerability assessments, globally through APAs, which provide annual information on adaptive capacity at district or commune level, and in Niger by supporting the functioning of an early warning system, still incomplete. This is a major improvement over the existing situation at project start and LoCAL efforts in this respect must be acknowledged.

On the qualitative side, the analysis of collected evidence suggests that VRAs tend not to be particularly robust. In this sense, they tend to be based on perception rather than on hard data, which often doesn't exist. For instance, in Cambodia a well-informed interviewee highlighted that vulnerability assessments are often used by communities to project the idea of how climate should be, rather than how it has changed, overlooking social dynamics key to understand vulnerability. Moreover, evidence shows that detailed vulnerability or feasibility studies are typically not conducted. Interviews in Mozambique indicate that proper water analysis were not conducted previous to a multifunctional water supply system and that it was later found that the water had high levels of salinity, which has caused delays (and probably additional costs). In Cambodia, Leng (2017)[15] found that while the VRA tool is good for policy planning at the commune, it is insufficient at the sub-project or investment level, and this should be analysed. Furthermore, he demonstrated that LoCAL investments don't factor in corridors impacts: negative effects for other stakeholders (e.g. impact of a road in nearby roads). In Bhutan observation in the field suggests that vulnerability assessments were also limited at the investment level: the improved stretch of a road (Taksha-Silli road) does not seem to be easily reachable; and an investment in a water tank (Genkha rural water supply scheme) seems inefficient[16]. In Niger, the evaluation team found that

[15] Leng, Bunlong (2017) Walk the talk. Mainstreaming Climate Change Adaptation in Donor-aided projects in Cambodia. University of Melbourne.

[16] A 30 litre tank had been funded with a PBCRG in the 2014/2015 FY, but the tank is under used due to limited availability of water and an existing 12 litre tank built only 7 years ago was ignored - the investment could have consisted of an additional 12 litre tank and pipes to connect them.

phreatic level and carrying capacity studies were not conducted to assess the long-term feasibility of wells and hence their resilience to climate change in this respect.

In addition, there is room for improvement with respect to the extent to which VRAs are actually informing the selection of programme sub-projects. Although drawn from VRA, as the WRI report (pp. 6-7) argues, while they do serve to filter out some projects with no clear CC relevance, investment menus have sometimes been too broad, including areas with no clear CCA rationale. Moreover, according to the same source, the selection process doesn't seem robust in ranking or rating possible projects from an adaptation perspective. In this sense, observation, desk review and interviews in Cambodia suggested that, while the selection process might have improved, some strategic aspects might be overlooked, as, with a participatory methodology, the programme focuses on the most obvious and dramatic meteorological events and the most straightforward adaptation strategies, disregarding less dramatic and slow onset events and less direct approaches (e.g. watershed management upstream) including medium to large scale investments key to ensure medium term resilience. In addition, in most countries the VRA is not used to estimate the additional cost of CCA vis-à-vis the baseline cost of an infrastructure. Interviews suggest there is recent progress on this with localized assessments informing investment menus.

LoCAL is trying to address some of the challenges, including bringing more scientific information to the VRAs through a partnership with KEI, as part of its learning by doing process. While this effort is valuable and urgent, it will not likely be sufficient to provide as detailed information as could be ideal to optimally assist the prioritization process. Besides, improved information will not modify itself the selection process, therefore not resolving all of the existing difficulties on the strategic content, the corridor impacts or the feasibility of investments, which are all in need of attention as LoCAL moves forward.

Explicit incorporation of CCA into local development plans. LoCAL's main policy influence at the decentralized level has been through the revision of local development plan, as a way of mainstreaming climate change into local development and raise awareness of and response to climate change at the local level. LoCAL has supported the integration of climate change adaptation in local government plans and budgets in 46 of the 64 local governments where it is active. This has been often conducted in partnership with other programmes/development partners. As part of this process, LoCAL has also provided training and contributed to the preparation of planning and monitoring guidelines on mainstreaming CCA into development to be used by all subnational authorities. This is the case in Cambodia, where the guidelines included the lessons learned from the first two phases of LoCAL. When local development plans had been reviewed LoCAL has followed with the finance and investment focus. When this exercise had not been done, LoCAL has supported this exercise, often in partnership with other programmes/development partners.

However, collected evidence shows that not all local development plans had been reviewed before proceeding with investments. Out of the two communes where LoCAL worked with in Niger, one had its local development plan reviewed and adjusted to mainstream climate change adaptation while the other had not when the investments were decided and made. Moreover, in some cases, the mainstreaming of climate change in the local development plans could be more robust. In Niger, for example, while the reviewed local development plan explicitly analyses climate projections and assesses vulnerabilities, it is far from evident which part of the proposed strategies refers to development and which is linked to the additional stress created by climate change.

Investments with CCA components. LoCAL helps build more and better (more resilient) infrastructure (quantity and quality), as it complements local budgets and provides with a fund dedicated to climate change actions. PBCRGs have supported 438 actions in climate change adaptation totalling an investment of about USD 5.2 million, 82% of which was directly financed by PBCRGs while 18% was co-financed. The majority (58%) are investments in infrastructure and represent 87% of the total invested amounts, followed by capacity building with 17% of investments and 5% of the budget. In this framework, as of June 2017, 25% of LoCAL's investments were in the water and sanitation sector, followed by the agricultural sector with 21% and transport and storage with 20%. Investments in the education sector are also important and represent 11% of the portfolio.

In total, LoCAL has supported 252 infrastructure investments. This is a laudable achievement from LoCAL. These numbers must however be qualified. On the one hand, although a certain part of the previous investments could be considered climate change adaptation, there wasn't a clear distinction between the developmental component and the adaptation component, in terms of addressing specific vulnerabilities to specific changes in climate. On the other hand, as it will be discussed in section 4.2[17], there are doubts about the adaptation nature of some of the investments funded by LoCAL that would need to be better documented.

4. Likely impacts

This section assesses the actual or likely impacts of LoCAL. In particular, it focuses on two aspects from the ToC or RRF: increases in additional climate finance flows to local levels through direct access and other mechanisms[18] and likely impact of the programme on the resilience of local populations. LoCAL is likely to have some lasting influence on policy and institutional systems at both the national and local levels, provided it can strengthen some of its efforts and by the same token manage some of the risks associated with the sustainability of some of its achievements.

4.1. Has LoCAL increased flows of additional climate finance to the local levels?

[17] The country reports in the annexes provide additional details.

[18] This assesses the achievement of targets in output 3.

In the absence of a baseline, it is not possible for the evaluation team to assess conclusively whether the quantitative targets have been met. In contrast, this evaluation indicates the amount of resources mobilized and assesses qualitatively the efforts conducted to improve the access of local governments to climate change funds.

According to the 2016 Annual Report (p. 19), LoCAL has mobilized USD 35,560,301 for CCA to local governments in LoCAL participating countries.[19] According to the programme's financial data, of that amount USD 10,842,450 had been disbursed by the programme in the period 2014-2016. According to the LoCAL project database, by June 2017 the programme's investments (past, ongoing and planned) totalled USD 4,235,013.

Collected information suggests that funds made available directly by LoCAL to local governments are modest compared to total resources available for the general functioning of the governments that LoCAL worked with. In Bhutan, in the 2015/2016 financial year, the financial contribution of LoCAL for adaptation measures represented 18% of the total resources available to the counties working with LoCAL. LoCAL's contribution was more significant if compared against the resources transferred by the central government: it represented in average 28% of those funds. In Niger, the funds made available by LoCAL represent between 16% and 10% of the annual investment budget of the two communes where the programme was active in several years. Compared to other programmes funding the same type of investments as LoCAL, funds made available by LoCAL to local governments are also modest.

In addition to these funds, new phases for LoCAL have been agreed in Bhutan and Bangladesh. Furthermore, in Cambodia the LoCAL model is being replicated without using the same name and direct involvement of UNCDF. The UNDP project will mobilize USD 4.5 m from the GEF in the period 2017-2020. With a total budget of USD 82 m, IFAD's ASPIRE project will mobilize at least USD 4 m from their own resources for climate-proofing local infrastructure.

Besides this, LoCAL has been advancing in two interrelated fronts with the GCF. On the one hand, the LoCAL Secretariat has supported three countries in preparing and submitting proposals to the GCF's Enhanced Direct Access programme featuring the LoCAL approach. While feedback is deemed encouraging, the full development of these proposals is dependent on the accreditation of national institutions as national implementation entities. Through advocacy and linking countries with external technical support, LoCAL has contributed to the nomination of national bodies in charge of decentralization (and LoCAL implementing entities) for GCF accreditation in four participating countries.

As the accreditation process can typically take 3 to 4 years, and given the need to also explore potential funding windows for public-private sector partnerships financing to leverage private sector investments, LoCAL has been in discussion in parallel with organisations already accredited by the GCF, particularly

[19] About 75% from direct LoCAL funding and the rest from parallel funding, that is, funding for the LoCAL methodology that is not transferred to UNCDF.

with multilateral regional banks and national multi-donor trust funds. Work is on going with the West African Development Bank.

This progress is to a great extent the result of the effort of LoCAL programme management and its Board members to link up with the LDC Group under the UNFCCC negotiation process, and of country level advocacy to bring about recognition of the key role that decentralisation ministries and local governments can play in fostering the implementation of NDCs. LoCAL is also starting to build synergies with the LFI to involve and leverage private sector investors. While some countries are already co-financing the programme, so far the programme is mostly setting the ground for this to happen in the future.

Regarding access of local governments to national climate change funds, while some countries are already co-financing the programme, so far LoCAL is mostly setting the ground for this to happen in the future. Some countries are increasing the resources transferred to the local governments, but this it is not necessarily for adaptation, and it is not necessarily the result of the programme.

4.2. Changes in the living conditions in terms of resilience to climate variability and change

In view of the limited data available and the timing of this evaluation, it is a challenge to assess the likely impacts of LoCAL in terms of climate change adaptation and increased resilience of beneficiaries. Technically, this can only be examined in the medium and long term and in a mid-term review most of the adaptation measures have typically been completed very recently. In most of the LoCAL countries, the adaptation measures have been finalized in 2016 and 2015[20]. Moreover, so far LoCAL's M&E framework has paid very little attention to adaptation outcomes. APAs by nature are of limited use in this regard.

Notwithstanding this, after visiting 11 investments in three countries, the evaluation team was able to discern some emerging impacts. Focus group discussions with women and men indicate that some benefits are already demonstrated from investments in water supply infrastructure, roads and bridges and irrigation channels for agriculture.

Investments in water supply infrastructure (i.e. water tanks in Bhutan, wells in Niger) have notably increased access to water for human consumption. Before the investment supported by LoCAL, in Genkha, Bhutan, the existing tank wasn't big enough for the community. Not only was water insufficient for regular bathing, but the community had to complement it with nearby streams also used by cattle, and in some cases walk 3 or 4 hours. As a result of the LoCAL-supported investment, currently the

[20] Of the 438 sub-projects registered in 2016, in 2014 only 21% had started.

community meets its water supply needs and does some kitchen gardening. In Niger, before the LoCAL-funded well, women beneficiaries had to walk long distances (6 or 10 km) every day for water, which sometimes was polluted, as animals used it as well. This freed some time to focus on other productive use of their time and reduced illness in the family.

Furthermore, investments in roads and bridges have improved resilience to climate variability. Interviews in Benin argue that a new bridge has allowed easier access to an economic and health and education centre, whereas a 2-3 hours detour had to be taken before. In Cambodia roads improved by LoCAL have resisted floods, to the point that, according to senior LoCAL staff, the national government is now following the standards used by the programme. In Bhutan, enhancing their resilience against climate change-related impacts such as landslides, flash floods and surface erosion has improved the access to the market for beneficiaries that were often cut off.

According to different sources, irrigation channels have already provided results. For instance, in Cambodia, in Doung Kpos Commune, Borei Chulsar District, beneficiaries claim that the project has increased the number of harvests from 1 to 3 per year, with 90% production increase in each harvest, the annual income increasing from USD 200 to USD 1800, which allows them to live, invest and save a bit. Interviews in Benin indicate that as a result of LoCAL investments the cultivated land has increased from 0.25 ha to 5 ha, and that harvests have increased about 50%, which has improved food security and has allowed beneficiaries to sell some vegetables in the market.

In addition, some of the adaptation measures have directly improved the short term economic situation of the beneficiaries. In Niger land rehabilitation has been conducted by communities, which have received cash-for-work and has provided a short term coping strategy in view of the droughts. The model is being replicated in the new programmes in the region (The Gambia, Niger phase II, and more pending resource mobilisation).

While the projects are still to prove their CCA benefits in the medium and long term, it is however important to discuss the extent to which this is likely to happen. In most countries investments have focused on issues prioritized in national adaptation planning and are the result of participatory vulnerability assessments. In some countries, such us Bhutan and Cambodia, most designs seem to have explicitly considered the impacts of climate variability and, in some cases, of climate change. In Bhutan, for instance, the use of cement for an irrigation channel has made it more resilient to increased water flows that break soil walls and thus do not allow water to run in a reliable way.

However, climate additionality does not seem to be a constant in project selection and design. As noted earlier, the investment menu tends to be too broad and feasibility studies at investment level are rare, if not inexistent. As noted by WRI, some sub-projects cannot be considered adaptation and are rather development investments. There for example concerns regarding wells. Even in Cambodia key informants recognized that, despite the system that has been put in place, a proportion of projects should have not been financed by LoCAL. Furthermore, corridor impact studies and strategic analyses are uncommon. There is also room for more integrated and comprehensive approaches and to cluster investments to allow the critical mass effect required to improve resilience to the extent that is required in most communities[21].

Although existing information is not conclusive on the contribution of LoCAL investments in infrastructure to gender equality, this suggests that some of them could have inadvertently contributed to this. While the programme does not directly focus on disaster risk reduction and recovery, the process of mainstreaming climate change adaptation and the specific investments it supports contribute to reducing the vulnerability of targeted populations to extreme weather events related to climate variability and change. Overall the programme takes into account the poverty-environment nexus, directly linking with the Poverty-Environment Initiative implemented by UNDP and UN Environment in some countries. Efforts to increase resilience include the promotion of sustainable and resilient livelihoods, given that many investments are related to agriculture production (for details see section 4 on likely impacts). Although the programme doesn't focus on security issues, it is working in some countries with security tension, such as Mali and Niger.

5. Sustainability

By design, LoCAL management put a strong emphasis on sustainability. The evaluation assessed the topic of sustainability of the programme results at different levels, from changes to relevant policy and institutions to increases in resilience. Overall, the programme has set the basis for the sustainability of the LoCAL model, with risks to be managed and a more careful approach to the sustainability of specific investments being required.

At the institutional level, LoCAL's use of national systems and processes and work with national institutions contributes to the sustainability of the model. However, while the programme seems to be successful in engaging the national implementing entity, typically the one in charge of decentralisation, in some countries there is room to further engage the ministries of environment, finance and agriculture to increase awareness and ownership of the programme and its results. In Cambodia, for instance, the involvement of MoE in the second phase of LoCAL and its extension was very limited, without any functional or operational engagement, despite MoE being the national implementing partner of major CCA projects. LoCAL has failed to engage also the MAFF, although most of its investments focus on rural areas and many of them are agriculture-related, and the MAFF is actually the main implementing partner of one of the projects that replicates LoCAL model. In this country, LoCAL has not engaged either the Ministry of Interior (MoI), which has a critical role to play when functions are transferred to local

[21] The issue it is not so much about the individual investment size but rather about the small envelop per district leading to too much dispersion of those investments, without the critical mass effect required to improve resilience to the extent that is required in most communities.

governments (LoCAL implementing entity is in charge of pilots on decentralization and coordinates with other ministries, but it is the MoI who implements once a function has been transferred). LoCAL support to the integration of climate change adaptation in local government plans and budgets, also contributes to institutional sustainability.

A significant number of mechanisms have been used to identify and share experiences and build ownership of the programme and the institutional and policy changes it advocates at both country and global levels. This has included the organization of a global programme lessons learned workshop in 2015, undertaking 22 high-level initiatives between 2014 and 2016, and producing a long and varied list of communication materials, comprising brochures, articles, books and films. In addition, the programme has also closely managed its website, and has been highly active in social media, including a Twitter account and a YouTube channel. While efforts in the period 2014-2016 tended to focus more on promoting and publicizing the initiative both among its participants and to the broader development/climate change communities than in drawing and sharing lessons, in 2017 LoCAL published an interesting experience sharing document in English and French. The programme could put more effort to generate more regularly concrete lessons from experience at both global and local levels.

On the technical front, as noted in the effectiveness section, the programme has made some contribution to raise awareness and strengthen the public expenditure, governance and climate change adaptation capacities of national and local governments in participating countries to strengthen the sustainability of CCA investment models at the local level. However, given its complex nature, raising awareness and building capacity to an adequate level might require more direct approaches than learning by doing. These increased capacity building efforts should involve the private sector, including the infrastructure advisors and engineers. While not a problem in Bhutan, according to interviewees at the national level, turnover of technical capacity at country level is also a risk in terms of sustainability of the robustness of the technical aspects of the programme in some countries.

There are also risks regarding management of the programme. Management teams at partner institutions and UNCDF could be overwhelmed if the programme were to be significantly extended both at the global and country levels. In countries with high dependence on long term agreements with consultants the expansion of the model is likely to require a different management system. There are also some concerns regarding the sustainability of the PBCRG processes. In Cambodia the 2016 Performance Assessment Report indicates that the current approach "is not capable of being scaled up to a larger number of Districts as the workload for the NCDD-S staff would be too much. There are also strong arguments for the APA being conducted by neutral, independent assessors" (p. 9). The APA methodology introduced in 2016 would arguably be suitable for contracting out to small teams, with

NCDDS remaining responsible for training assessors and quality control. While the proposed timing seems too tight[22], the 2016 adjustments move in the right direction.

Regarding financial sustainability of the phased approach promoted by LoCAL, in some countries the nomination of the institutions in charge of decentralisation to be accredited by the GCF shows buy-in from the national governments. This however does not necessarily mean direct financial support to LoCAL and its model from the country, as institutional tension might arise if money is mobilized. While new designs try to address this, for example by ensuring short term benefits in terms of job creation, in some participating countries, especially in West Africa, finance for traditional development needs rather than resilient development approaches could continue to compete for the limited resources available at the local level.

While some countries are increasing the resources transferred to local governments, understanding and behavioural changes are different. Although the relative modest size of the PGCRG contributes to fiscal sustainability, current discussions on increasing the top-up percentages in some countries to foster mainstreaming of CCA and to expand the number of interested local governments point at a serious sustainability challenge.

So far LoCAL has not been able to engage the private sector significantly. This is indeed a challenge in many countries on the adaptation front, and not only for LoCAL. A lot of the climate change adaptation work is not going to be immediately return-oriented, making it difficult to attract private finance. Programme management is currently conducting efforts to bring the private sector on board and leverage its investments for CCA, strengthening coordination with the rest of the Local Development Finance Practice portfolio. While engaging the private sector would likely require important adjustments in the focus of the programme, the piloting efforts of LoCAL management on this front are certainly welcome.

At the international level, the international trend to support decentralisation and local governments will benefit LoCAL. Similarly, changes in the international climate change financial architecture, such as the increasing role of the GCF with its focus on LDCs and adaptation would be positive for the programme. The efforts of LOCAL in positioning itself as a recognized model for CCA investment at the local level with the GCF, and its support for readiness and accreditation process to the GCF by national decentralisation departments is to be applauded. LoCAL's advocacy efforts have been significant at the global level. However, there are three important risks to be managed. On the one hand, the unclear climate additionality of LoCAL could be a fundamental barrier to access international CCA funds,

[22] "Cost is also a consideration: PBCR grants are quite small and an APA requiring a multi-member team and several days per District could easily cost 5% - 10% of the grant amount. Therefore, the APA methodology was specifically designed to be capable of assessment by a two-member team in a single day. Ideally, one team member should have an engineering background while the other should be experienced in financial audit" (p. 9).

particularly GCF resources. As noted in the WRI report (p. 11), "there is growing frustration among climate finance partners that too many programs are only superficially addressing or mainstreaming CCA", which will likely result in more stringent criteria in this regard. As noted in section 2.3, the programme's partnership with WRI is an excellent move in addressing this challenge. However, the process is taking very long.

A second risk relates to the fact that some of the countries where the LoCAL programme is more advanced and solid are likely to see their access to international adaptation funds limited in the medium term. Since July 2016 Cambodia is officially considered a lower middle income economy by the WB Group. In 2015, for the first time, Bhutan was assessed as being eligible for graduation away from LDC status. While the upgrade of status is complex (it considers several criteria), and might not happen in the next revision, in 2018, this might reduce the amount and shift the sort of assistance the country might receive from development agencies. This calls attention for the efficiency of the development assistance. As noted in section 1.3.2, LoCAL has still significant room to strengthen its communication and coordination with development partners at global and country levels. As noted there, lack of coordination cannot only limit synergies and complementarities, but can also result in redundancy and planning fatigue, compromising the sustainability of the programme.

A third risk for the sustainability of the CCA investments at local level through national systems refers back to the institutional dialogue issue at both the national and global levels. Indeed, typically LDC countries at the global level are represented within the framework of the UNFCCC negotiations by the ministries of environment. At the national level, the same ministries, especially in LDCs, have had a tendency to monopolise a large share of the international climate finance transfers, building on their nationally recognised role and prerogatives around climate change issues, but also on their political weight in the feedback loop to the UNFCCC international negotiation process. LoCAL is cognizant of this challenge and has started to tackle it, but a lot more work, advocacy and awareness raising is required to ensure a proper seat at the table for decentralisation stakeholders.

Regarding political sustainability, there are some signs of ownership at country level, but inter-institutional tensions are an important risk to be managed. At the global level, the Board plays a key role as a south-south exchange platform, trying to show to less committed countries that the programme should be understood as a system, and not as a project. Political decentralisation is also key for the sustainability of local adaptation and this is still limited in some countries.

The evaluation points out to a mixed conclusion on the sustainability of sub-projects/investments. In some countries user groups have been created to manage the use and coordinate the maintenance of infrastructure financed by LoCAL investments. In others, sustainability of the sub-projects doesn't seem to be high on the priority list. In some of the cases, infrastructures already require some maintenance even where user groups have been created. The sustainability of the investments in terms of impacts on resilience could be compromised by a weak sub-project assessment and/or corridor effects indicated in the likely impact section.

V. Lessons learned

The following lessons can be drawn from the mid-term evaluation of LoCAL:

- Local governments have a key role to play in climate change adaptation. Fiscal decentralisation and monitoring of performance, as conducted by LoCAL, can help convince key stakeholders and build their ownership and capacity in this respect.
- Phased approaches, such as the one promoted by LoCAL, do contribute to the sustainability of the results of programmes supported by UN agencies.
- Adaptation requires sound risk and vulnerability assessments, for which it is key to combine scientific and participatory approaches. The former should consider long-term climate trends and projects, and factor in societal change over time: adaptation is about increasing the resilience of current and future society to current and future climate, not just about increasing the resilience of current society to current (and future) climate.
- Working in urban areas requires adjustments in the intergovernmental top-up mechanism used to provide incentive for climate change mainstreaming, given the larger budgets of urban municipalities and the less crucial share of central transfers in them given the other income streams of these municipalities.
- Similarly, working with the private sector on adaptation might prove challenging in remote rural areas in LDCs. This demands innovative approaches, including geographic concentration and complementarities with other initiatives.
- For a project focusing on fiscal mechanisms and investments to increase resilience, it is crucial to avoid spreading the resources too thin geographically and in terms of sectors and to build complementarities with other initiatives in order to achieve critical mass and have a more integrated approach to building this resilience.

VI. Conclusions and Recommendations

Conclusions

Based on the findings presented above, the evaluation team draws the following conclusions in response to each of the evaluation sub-questions jointly defined at the Inception phase of this evaluation.

Relevance

LoCAL priorities are relevant to global and national development, decentralisation and adaptation **priorities**. However, the programme could increase its relevance, building on its recent efforts to further consider urban and coastal areas in its programming. Given the focus of other CCA programmes and development partners on capacity building, the **added value** of LoCAL in demonstrating investment and financial flow mechanisms for CCA to the local level is significant. While other UN agencies are working on climate change adaptation at the local level, none of them has UNCDF's experience with direct financial transfer mechanisms to local governments. In addition, many of these agencies have already positioned themselves as GCF implementation agencies, therefore somehow acting as intermediaries rather than focusing on empowering from the outset local governments to access such international funds directly using their own national and decentralized channels, as UNCDF. That being said, the success of the programme relies on merging the capacity building and investment agendas on the one hand and the decentralisation and CCA agenda on the other. This necessarily will require further close and sustained coordination and partnership with those other programmes. LoCAL is making efforts to strengthen the focus on capacity building for CCA as it moves along.

In terms of **coherence of design**, LoCAL is well aligned with UNCDF's priorities and agenda at the global level in terms of geographical focus and complementing financial resources. It has a clear value added when compared to other international programmes, in terms of its coherence at the local and national levels in countries through a more comprehensive and phased approach to building in-country capacity to mainstream CCA, building on national processes. However, implementation of the programme highlights significant challenges with respect to the definition of some elements of the phased approach and in some cases the rigidity of elements, such as the number of local governments in phase 2, which are difficult to achieve in some cases. With respect to coherence in design, the programme document provides a logic model but does not provide a theory of change to underpin the programme's strategy towards a clear vision and a solid evolution, an aspect now being worked on with international partners that would help build a more solid foundation for performance monitoring and scaling up.

Regarding **support from stakeholders**, overall, programme objectives are well supported by LDC partners and development partners. LoCAL uses a diverse range of mechanisms to engage partners and has built a fair amount of support in view of what was originally planned. The programme has mobilised significant financial and technical support from development partners, including UNDP, UNEP, KEI and WRI, among others. Participating governments play a key role in the strategic management of the programme, as members of the Board, and in its implementation, as its day-to-day management is integrated into the government systems. While the programme seems to be successful in engaging the national lead entity, typically the ministry in charge of decentralisation, in some countries LoCAL has been less successful in involving other national stakeholders, such as the ministries of finance and environment, as well as line ministries such as agriculture and rural development, in part due to the national political economy and the associated turf battles. In all participating countries local governments are providing in-kind co-financing. In some cases, communities have also provided in-cash co-financing. Moreover, user groups have been created in some countries and make financial contributions to maintain the investments. So far the private sector has mostly been involved as contractors in some countries rather than as proactive investors in CCA. Programme management is currently making efforts to address this, strengthening coordination with the rest of the UNCDF portfolio (e.g. LFI, CleanStart, YouthStart) and launching several new programmes to test potential approaches.

With respect to cross-cutting issues, **gender equality and human rights** are not adequately considered in the context assessment, the objectives, activities and the M&E framework of LoCAL. The programme document includes a gender strategy claiming that LoCAL's approach "is by design gender-sensitive". However, the argument is too rhetorical and general. Furthermore, the gender strategy was followed only to some extent. Data on gender was not routinely collected. In the field, the contribution of LoCAL to gender equality was mixed, with weaker performance in West Africa. Programme management is taking actions to address this in some countries like Mali where a gender expert was recruited to inform phase II. With respect to vulnerable groups, the project document states that LoCAL focuses on the interests and needs of communities. However, a clear strategy on this appears to be missing. In the field, the types of communities where LoCAL is typically active are by nature formed of largely vulnerable populations. Nevertheless, the programme could do a better job at documenting the vulnerability of its beneficiaries in a systematic way.

Efficiency:

Programme management quality is generally good with room for improvement. The programme management mandate and roles are well aligned with the needs of the programme. Management costs represented 15% of the total actual programme costs in the period 2014-2016. This is lower than other global programmes funding small-scale investments at the local level, given that national and local authorities perform some of the management functions at the country level, thus reducing the transaction cost in general. The percentage of the LoCAL budget allocated to programme management decreased steadily in the period. The 2016 management cost ratio may need to be targeted for country programmes in phase III as a benchmark to mobilize resources from international funds, such as the GCF. Given that it follows national processes, the length of decision-making processes for funding approvals and disbursements varies amongst countries. Transfers from UNCDF to the national system are not seen as a source of delays or complaints, but in most countries national processes tend to take a long time. There are no significant bottlenecks at the strategic level. While the system works reasonably well, there are some administrative management bottlenecks at the global and country level. Despite these issues, national and local partners are overall satisfied with management.

Regarding **delivery of expected results**, to a great extent, LoCAL has met its targets for 2016. The RRF establishes 16 targets, 4 of which refer to project management. Of the remaining 12, it is possible to assess the performance on 6. Of these, LoCAL has met 5, namely the number of participating countries and local governments, the percentage of participating countries using PBCRG systems, the percentage of implemented activities and the establishment of a LoCAL Forum. The project has not met the target regarding the percentage change in climate finance at the local level from the private sector. There is no target, baseline or clear source of information on performance for the other monitoring and evaluation indicators. The targets on project management have been overall met. Concerns at this regard have been discussed above. Quality of outputs is analysed bellow.

Regarding **quality of programme monitoring systems**, at the global level LoCAL has a well-conceived M&E plan, but without clear resource allocation for this M&E function. The Results and Resources Framework (RRF) included in the programme document shows clear room for improvement at both outcome and output level. A RRF was not developed in some countries, in other countries RRF were developed, but tend to lack precision to allow tracking and measurement. Currently LoCAL does not have a systematic approach to data collection, management, or analysis. Although this evaluation is the first to be conducted at the global level, relevant assessments have been conducted at the global and country level (case-studies). Regarding the PBCRG system, there is substantive variation from country to country in the minimum conditions (MCs), the investment menu (IM) and the performance measures (PM) assessed annually (APA). In general, the structure of MCs, IM and PM tends to be weaker than would be required on adaptation to adequately steer investment decisions in favour of increased resilience. The partnership with WRI is likely to result in a very useful tool to address these concerns. However, the actual impact will depend on the level of ambition of the programme and the commitment and capacity to implement it at global and country levels, in particular in terms of financial and human resources.

Effectiveness

LoCAL is also overall an effective programme at this stage of implementation on the basis of the data available. It has contributed to changes in capacity of national and local governments to plan, budget and manage climate-adaptive investments across the countries in which it is operating. Regarding LoCAL's **contribution to changes in capacity**, at the national level, LoCAL has contributed to raise awareness of the importance of adaptation at the local level and through local governments. It has also contributed to strengthen the management and specific climate change adaptation-related knowledge and skills. However, while the programme seems to be successful in engaging the national lead entity, typically the one in charge of decentralisation, in some countries there is room to further engage the ministries of environment, finance and agriculture to increase awareness and ownership of the programme and its results. LoCAL has conducted significant efforts to raise awareness and build capacity on planning, budgeting and management of climate change adaptation at the local level, including development of guidelines and training. While awareness and capacity has been built to a certain extent, especially phase 2 and 3 countries, there is still ample room to further the achievement of this result in view of the existing starting point and learning process on this front in most countries, this is especially true for phase 1 countries. LoCAL has also increased the number of Climate Risk, Vulnerability and Adaptation (CRVA) assessments and Vulnerability Risk Assessments (VRAs) available at local level. This is a major improvement over the existing situation at project start. On the qualitative side, assessments tend not to be particularly quantitative, detailed or robust and there is room for improvement with respect to the extent to which they are actually informing the selection of projects. LoCAL management is trying to address some of these challenges. LoCAL has supported the integration of climate change adaptation in local government plans and budgets.

Impacts

Regarding **increased flows of additional climate finance**, in the absence of a baseline, it is not possible for the evaluation team to assess conclusively whether the climate finance targets have been met. LoCAL has mobilized over USD 35 million for CCA to local governments in LoCAL participating countries. By June 2017 the programme's investments (past, ongoing and planned) totalled over USD 4 m. In addition, new phases have been agreed and in one country the model is being replicated without UNCDF. With the GCF, LoCAL has supported the preparation and submission of three concept notes and the accreditation of the national bodies in charge of decentralization (and LoCAL implementing entities) in four participating countries. As the accreditation process can take time, LoCAL has been in discussion in parallel with organisations already accredited by the GCF, particularly with multilateral regional banks and multi-donor trust funds. This progress is to a great extent the result of the effort of LoCAL programme management and its Board members to link up with the LDC Group under the UNFCCC negotiation process and of country advocacy by LoCAL and partners. LoCAL is also starting to build synergies with the LFI to involve and leverage private sector investors. While some countries are already co-financing the programme, so far the programme is mostly setting the ground for this to happen in the future. Some countries are increasing the resources transferred to the local governments, but this not necessarily for adaptation, and it is not necessarily as a result of the programme.

Notwithstanding the general difficulties in assessing the **likely impacts** of LoCAL **in terms of climate change adaptation and resilience** discussed in the report, the evaluation team was able to discern some emerging impacts. Some benefits to both men and women are already demonstrated from investments in water supply infrastructure, roads and bridges and irrigation channels for agriculture. In addition, some of the adaptation measures have directly improved the short term economic situation of the beneficiaries. Although existing information is not conclusive on the contribution of LoCAL investments in infrastructure to gender equality, this suggests that some of them could have inadvertently contributed to this. In most countries investments have focused on issues prioritized in national adaptation planning and are the result of participatory vulnerability assessments. In some countries most designs seem to have explicitly considered the impacts of climate variability and, in some cases, of climate change. However, climate additionality does not seem to be a constant in project selection and design. The investment menu tends to be too broad and feasibility studies at investment level are rare, if not inexistent. Furthermore, corridor impact studies and strategic analyses are uncommon. There is also room for more integrated and holistic approaches and to cluster investments to allow the critical mass effect required to improve resilience to the extent that is required in most communities.

Sustainability

At the institutional level, LoCAL's use of national systems and processes and work with national institutions contributes to sustainability, although institutional engagement could be extended. LoCAL support to the integration of climate change adaptation in local government plans and budgets also contributes to institutional sustainability.

A significant number of **mechanisms** have been used **to identify and share experiences**, in particular an experience sharing publication in 2017, and build ownership of the programme and the institutional and policy changes it advocates at both country and global levels. However, more effort could be put by the programme in generating more regularly concrete lessons from experience, at both global and country levels.

On the technical front, the programme has made some contribution to raise awareness and strengthen the public expenditure, governance and climate change adaptation capacities of national and local governments in participating countries to strengthen the sustainability of CCA investment models at the local level. Increased capacity building efforts should involve the private sector, including the infrastructure advisors and engineers. There are also risks regarding management. Management teams could be overwhelmed if the programme were to be significantly extended both at the global and country levels without additional adequate staffing. In countries with high dependence on long term agreements with consultants, the expansion of the model is likely to require a different management system. There are also some concerns regarding the sustainability of the PBCRG processes. As noted above, if scaled up the workload for national partners could be too much. There are also strong arguments for the APA being conducted by neutral, independent assessors.

Regarding financial sustainability, in some countries the nomination of the institutions in charge of decentralisation to be accredited by the GCF shows buy-in from the national governments. This however does not necessarily mean direct financial support to LoCAL and its model from the country, as institutional tension might arise if and when larger financial resources are mobilized. While some countries are increasing the resources transferred to local governments, understanding and behavioural changes are different. Programme management is currently conducting efforts to bring the private sector on board and leverage its investments for CCA. While engaging the private sector would likely require important adjustments in the focus of the programme, the piloting efforts of LoCAL management on this front are certainly welcome.

Regarding political sustainability, there are some signs of ownership at country level, while inter-institutional tensions are an important risk to be managed. At the global level, the Board plays a key role as a south-south exchange platform, trying to show to less committed countries that the programme should be understood as a system, and not as a project. Political decentralisation is also key for the sustainability of local adaptation and this is still limited in some countries.

The evaluation points out to a mixed conclusion on the **sustainability of sub-projects/investments**. Some of the infrastructures already require some maintenance even where user groups have been created. The sustainability of the investments in terms of impacts on resilience could be compromised by a weak sub-project vulnerability assessment and/or corridor effects.

Recommendations

Out of the findings and building on the main conclusions from this evaluation, the Evaluation team recommends the following:

R1. The LoCAL Board and the programme Secretariat should seriously explore the possibility of expanding the portfolio in some geographical areas, especially but not only during phase II of the global programme. On the one hand, the programme should consider strengthening its work in urban areas, including small towns and secondary cities. This should refer to areas that have urban features, such as high density and non-primary economic activities, and not just only nominal urban areas. This should also mean taking into account the specific characteristics of urban areas. Ongoing discussions on how to work with urban areas are welcome, as this might require other tools, such as municipal financial bonds, eco-bonds, public-private partnerships, etc. On the other hand, the programme should consider strengthening the work in coastal areas, taking into account their particular features. A report on the plan to address these issues should be presented at the next Board meeting with progress reporting in the following years.

R2. The LoCAL Board, the programme Secretariat and programme management teams at global and country levels should make more efforts to engage international and national partners and the private sector. Regarding international partners, the programme should try to further engage multilateral sources, strengthening the efforts with international CC funds and regional banks, but also exploring programmatic partnerships with other UN agencies, including UN-HABITAT and UN-Environment. In this sense, the programme Board should strengthen advocacy efforts on the role of institutions in charge of decentralization and of local governments at the global level. In addition, it should explore decentralized cooperation. Furthermore, at country level, the programme should explore and seize complementarities with other programmes and should make more efforts to engage a broader range of national stakeholders, working more closely in some countries with the ministries of planning, finance and environment and line ministries, such as agriculture and rural development. In addition, at the global, national and local levels, the programme should further explore the way in which it can promote the engagement of the private sector, examining the connection with the approach of the programme, in particular in terms of rural and urban focus, identifying and discussing potential adjustments in this regard. Specifically, business cases and feasibility studies could be supported and PPPs and banking products such as bank guaranties, equity investments and others, could be explored to help address the risk barriers to investments. Linking with other UNCDF programmes is key. A report on the plan to address this should be presented at the next Board meeting with progress reporting in the following years.

R3. The LoCAL Secretariat should address the existing management bottlenecks. To do so, it should increase human capacity at the global level (for instance, with an M&E officer, a gender officer and additional (sub)regional officers); advocate for more national staff in some countries as part of the scaling up efforts; increase and regularize UNCDF technical support, establishing more formal communication channels; open the consultant roster, especially for tasks that require independence, such as evaluations;

increase funds for monitoring in the field; and explore the possibility of engaging more with UNVs (this is not a substitute for all the former). Such efforts should be part of a programmatic capacity building window rather than treated as management costs. A report on the plan to address these bottlenecks should be presented at the next Board meeting with progress reporting in the following years.

R4. The LoCAL Secretariat and programme management at global and country levels should significantly increase their efforts in M&E. Regarding baselines, in the short term, global programme management should ensure that sound baselines are developed in the new country programmes, ensuring that, in the medium term, a sound baseline is developed for the second global programme document. In addition, considerable work has to be done on the logic model and the RRF. In this regard, the LoCAL Secretariat should review the logic of the RRF at global level and the theory of change and ensure that indicators, baselines, targets, means of verification and sources are sound and provide for gender disaggregated data to inform the gender differentiated approach of the programme moving forward. Programme management at global level should ensure that new country programmes (programmes in new countries or new phases in already participating countries) have a sound RRF. Furthermore, substantive efforts are required in the PBCRG system. Programme level should also ensure that PACs and APAs are used in all cases in grant allocations. Moreover, the LoCAL Board should clearly set a disaggregated M&E budget in the global and country annual plans. In parallel, programme management at global and country levels should ensure that the M&E strategies are complete in all country programmes. Finally, further work is needed on reporting. In particular, this includes improving the organization of the Dropbox folder, consolidating the central spreadsheet, improving financial reporting at global and country levels, and ensuring global annual reports provide cumulative results in addition to annual results. Besides, at country level, global programme management should ensure timely reporting and make sure to conduct comprehensive evaluations after each phase by independent consultants. Furthermore, data on gender and vulnerable households should be collected more systematically. A report on the plan to address these bottlenecks should be presented at the next Board meeting with progress reporting in the following years.

R5. The LoCAL Board, the LoCAL Secretariat and programme management at global and local levels should increase efforts to strengthen the climate change dimension of the programme. Awareness raising and capacity building efforts should be promoted further, particularly in countries where the programme is not complemented by programmes focusing on this. Regarding climate risk, vulnerability and adaptation assessments, global programme management should expand on-going efforts to produce more robust assessments. Programme management at country level should try to coordinate with more robust processes, such as NAPs. It should ensure that community level VRAs are linked with broader quantitative assessments and localized projections to factor in longer term climate risk and vulnerability trends and other aspects like systemic and corridor effects, to increase the strategic content of the investments and avoid maladaptation. Furthermore, detailed vulnerability assessments / feasibility studies should be conducted at sub-project level, especially for the largest investments. Finally, programme management at country level should ensure that CCA has been soundly mainstreamed in local development plans either directly (through supporting the process itself) or indirectly (by developing knowledge, information products and capacity that can feed into their revisions done in coordination with other partners). In some countries, efforts should be made to increase the engagement of women in the capacity building and awareness raising activities. A report on plans and progress in implementing this recommendation should be presented at the next Board meeting, with a view to conclude on the actions taken at the 2019 Board meeting.

R6. Some of recommendations presented above will contribute to increased resilience and adaptation. To further promote this, programme management at global and national levels should favour integrated, comprehensive approaches that address multiple building blocks and dimensions of resilience, working more on the basis of complementarities and synergies with other programmes. While this should especially be the focus of phase 2 and phase 3, even pilots under phase 1 should aim at approaching investments through this more holistic lens in a limited number of communes/districts, building clusters to allow the critical mass effect required to improve resilience to the extent that is required in most communities. Moreover, to ensure the sustainability of the infrastructure investments, programme management at country level should be dialogue with local authorities to ensure that user groups are created for every single infrastructure investment and that sustainability has a high weight in APAs, as well as ensuring maintenance works are conducted where needed immediately. A report on the plans to tackle this recommendation should be presented in the next Board meeting, with a view to rolling out full approach across countries and reporting on results of this effort at the 2019 Board meeting.

R7. To conclude, programme management at the global level should organize global LoCAL Lessons Learned Workshops at least every two years. Regional level workshops could be cheaper and useful and should be organized once a year. Besides, with support from the LoCAL Secretariat, programme management should strengthen the lessons learned section of the global annual reports with new and specific lessons. At the country level, programme management should ensure lessons learned are identified after each phase, shared and used in the design and implementation of the following phase. Besides, it should ensure that a lessons learned workshop is organized annually and annual country programme reports have a section on lessons learned identifying new and specific lessons. A report on the plan to address this should be presented at the next Board meeting with progress reporting in the following years.