



Piloting innovative financing for climate adaptation technologies in medium-sized cities

Part I: Project Information

GEF ID

10433

Project Type

MSP

Type of Trust Fund

MTF

CBIT/NGI

CBIT **No**

NGI **No**

Project Title

Piloting innovative financing for climate adaptation technologies in medium-sized cities

Countries

Global

Agency(ies)

UNIDO

Other Executing Partner(s)

UNEP, UN Habitat

Executing Partner Type

GEF Agency

GEF Focal Area

Climate Change

Taxonomy

Stakeholders, Gender Equality, Capacity, Knowledge and Research, Focal Areas, Influencing models, Climate Change Adaptation, Climate Change, Gender Mainstreaming, Disaster risk management, Small Island

Developing States, Mainstreaming adaptation, Private sector, Climate finance, Least Developed Countries, Climate resilience, Deploy innovative financial instruments, Transform policy and regulatory environments, Demonstrate innovative approaches, Strengthen institutional capacity and decision-making, Civil Society, Non-Governmental Organization, Communications, Awareness Raising, Public Campaigns, Education, Beneficiaries, Local Communities, Type of Engagement, Partnership, Consultation, Participation, Information Dissemination, Gender results areas, Capacity Development, Access and control over natural resources, Knowledge Generation and Exchange, Women groups, Gender-sensitive indicators, Sex-disaggregated indicators, Learning, Theory of change, Adaptive management

Rio Markers**Climate Change Mitigation**

Climate Change Mitigation 0

Climate Change Adaptation

Climate Change Adaptation 2

Submission Date

5/21/2021

Expected Implementation Start

11/22/2021

Expected Completion Date

11/22/2024

Duration

36In Months

Agency Fee(\$)

64,315.00

A. FOCAL/NON-FOCAL AREA ELEMENTS

Objectives/Programs	Focal Area Outcomes	Trust Fund	GEF Amount(\$)	Co-Fin Amount(\$)
CCA-1	Reduce vulnerability and increase resilience through innovation and technology transfer for climate change adaptation	SCCF -A	225,667.00	316,739.00
CCA-1	Reduce vulnerability and increase resilience through innovation and technology transfer for climate change adaptation	LDC F	112,834.00	148,261.00
CCA-2	Mainstream climate change adaptation and resilience for systemic impact	SCCF -A	225,666.00	316,739.00
CCA-2	Mainstream climate change adaptation and resilience for systemic impact	LDC F	112,833.00	148,261.00
Total Project Cost(\$)			677,000.00	930,000.00

B. Project description summary

Project Objective

The project aims to develop an enabling mechanism for the target cities to access innovative and private CCA finance in the long run. This mechanism will be developed and piloted in one pilot country/city located in each key region of the Global South ? Africa, Asia-Pacific and Latin America & the Caribbean ? as well as in one pilot country/city of the LDC and of SIDS so that particularities of each of these categories of countries are fully taken into consideration.

Project Component	Financing Type	Expected Outcomes	Expected Outputs	Trust Fund	GEF Project Financing(\$)	Confirmed Co- Financing(\$)
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Project Component	Financing Type	Expected Outcomes	Expected Outputs	Trust Fund	GEF Project Financing(\$)	Confirmed Co-Financing(\$)
1. Municipal financing toolkit for climate change adaptation (CCA)	Technical Assistance	1.1. A financing toolkit for CCA to increase the planning capacities of policymakers from small and medium size cities	<p>1.1.1. The financing toolkit for small and medium size cities is developed and disseminated. It includes tools to assess CCA technologies in urban planning and innovative financing</p> <p>1.1.2. 60 municipal planners from 3 cities (20/ per city) trained in the municipal financing toolkit and climate finance</p> <p>1.1.3. A set of high potential climate adaptation and resilience financing solutions are mapped out and prioritized based on their ability to support investment</p> <p>1.1.4. Communication materials for knowledge management are developed and disseminated among NDEs and GEF Operational focal points</p>	SCC F-A	233,663.00	134,784.00

Project Component	Financing Type	Expected Outcomes	Expected Outputs	Trust Fund	GEF Project Financing(\$)	Confirmed Co-Financing(\$)
1. Municipal financing toolkit for climate change adaptation (CCA)	Technical Assistance	1.1. A financing toolkit for CCA to increase the planning capacities of policymakers from small and medium size cities	<p>1.1.1. The financing toolkit for small and medium size cities is developed and disseminated. It includes tools to assess CCA technologies in urban planning and innovative financing</p> <p>1.1.2. 60 municipal planners from 3 cities (20/ per city) trained in the municipal financing toolkit and climate finance</p> <p>1.1.3. A set of high potential climate adaptation and resilience financing solutions are mapped out and prioritized based on their ability to support investment</p> <p>1.1.4. Communication materials for knowledge management are developed and disseminated among NDEs and GEF Operational focal points</p>	LDC F	117,000.00	67,391.00

Project Component	Financing Type	Expected Outcomes	Expected Outputs	Trust Fund	GEF Project Financing(\$)	Confirmed Co-Financing(\$)
2. Piloting of the toolkit developed in Component 1	Technical Assistance	2.1. Selected climate adaptation and resilience financing methods are prioritized and adapted in three selected small and medium size cities	<p>2.1.1. Adaptation technology financing plans for 3 small and medium size cities are developed</p> <p>2.1.2. Investment projects are prioritized based on their adaptation impact, attractiveness to private sector and their financing options</p> <p>2.1.3. Adaptation technology financing plans are presented to selected members of the financial community</p> <p>2.1.4. 3 regional workshops are organized to present the toolkit and city case studies to their respective regions</p>	SCC F-A	140,000.00	404,347.00

Project Component	Financing Type	Expected Outcomes	Expected Outputs	Trust Fund	GEF Project Financing(\$)	Confirmed Co-Financing(\$)
2. Piloting of the toolkit developed in Component 1	Technical Assistance	2.1. Selected climate adaptation and resilience financing methods are prioritized and adapted in three selected small and medium size cities	<p>2.1.1. Adaptation technology financing plans for 3 small and medium size cities are developed</p> <p>2.1.2. Investment projects are prioritized based on their adaptation impact, attractiveness to private sector and their financing options</p> <p>2.1.3. Adaptation technology financing plans are presented to selected members of the financial community</p> <p>2.1.4. 3 regional workshops are organized to present the toolkit and city case studies to their respective regions</p>	LDC F	70,000.00	202,174.00

Project Component	Financing Type	Expected Outcomes	Expected Outputs	Trust Fund	GEF Project Financing(\$)	Confirmed Co-Financing(\$)
3. Project monitoring and learning	Technical Assistance	3.1. Regular project monitoring and documentation for learning and knowledge sharing	<p>3.1.1. The project monitoring plan is designed and executed</p> <p>3.1.2. Knowledge materials and documentation on best practices developed and widely disseminated to beneficiary cities and through CTCN network</p> <p>3.1.3. The lessons learned from the adoption of the toolkit are captured and used for iterative strengthening</p>	SCC F-A	24,000.00	13,465.00

Project Component	Financing Type	Expected Outcomes	Expected Outputs	Trust Fund	GEF Project Financing(\$)	Confirmed Co-Financing(\$)
3. Project monitoring and learning	Technical Assistance	3.1. Regular project monitoring and documentation for learning and knowledge sharing	<p>3.1.1. The project monitoring plan is designed and executed</p> <p>3.1.2. Knowledge materials and documentation on best practices developed and widely disseminated to beneficiary cities and through CTCN network</p> <p>3.1.3. The lessons learned from the adoption of the toolkit are captured and used for iterative strengthening</p>	LDC F	12,000.00	6,739.00
4. Project Evaluation	Technical Assistance	4.1. Project Evaluation	4.1.1. Terminal independent project evaluation is conducted and follow up actions and recommendations are determined for long term project sustainability	SCC F-A	13,000.00	26,982.00

Project Component	Financing Type	Expected Outcomes	Expected Outputs	Trust Fund	GEF Project Financing(\$)	Confirmed Co-Financing(\$)
4. Project Evaluation	Technical Assistance	4.1. Project Evaluation	4.1.1. Terminal independent project evaluation is conducted and follow up actions and recommendations are determined for long term project sustainability	LDCF	6,667.00	6,740.00
Sub Total (\$)					616,330.00	862,622.00
Project Management Cost (PMC)						
SCCF-A			40,670.00		53,900.00	
LDCF			20,000.00		13,478.00	
Sub Total(\$)			60,670.00		67,378.00	
Total Project Cost(\$)			677,000.00		930,000.00	

C. Sources of Co-financing for the Project by name and by type

Sources of Co-financing	Name of Co-financier	Type of Co-financing	Investment Mobilized	Amount(\$)
GEF Agency	UNIDO	Grant	Investment mobilized	30,000.00
GEF Agency	UNIDO	In-kind	Recurrent expenditures	100,000.00
Recipient Country Government	Antigua and Barbuda	In-kind	Recurrent expenditures	150,000.00
Other	CTCN	In-kind	Recurrent expenditures	150,000.00
Other	UN-Habitat	In-kind	Recurrent expenditures	350,000.00
Other	CTCN	Grant	Investment mobilized	150,000.00
Total Co-Financing(\$)				930,000.00

Describe how any "Investment Mobilized" was identified

The investment was discussed with each city, as well as each executing entity and with the UNIDO acting as implementing agency. The repartition of the funds was amended since the PIF as not all the countries provided co-financing letter before the submission of the proposal. The reason for this delay is mainly related to COVID 19. However, the government of Antigua and Barbuda provided a co-financing letter for a total amount of USD 150,000 in-kind to be used to support the project by providing technical assistance. Nonetheless, UNIDO as implementing entity is maintaining contacts with the countries and cities. Initially the CTCN planned to contribute USD 300,000 in-kind. But given that it was not possible to receive any confirmation regarding the countries' co-financing, the CTCN decided to split the amount in USD 150,000 in-kind and USD 150,000 as grant. UN Habitat has delivered a co-financing letter for 350,000 USD. UN Habitat will be an executing entity. UN Habitat has local offices in each of the 3 countries that have been selected for this proposal.

D. Trust Fund Resources Requested by Agency(ies), Country(ies), Focal Area and the Programming of Funds

Agency	Trust Fund	Country	Focal Area	Programming of Funds	Amount(\$)	Fee(\$)
UNIDO	SCCF-A	Global	Climate Change	NA	451,333	42,877
UNIDO	LDCF	Global	Climate Change	NA	225,667	21,438
Total Grant Resources(\$)					677,000.00	64,315.00

E. Non Grant Instrument

NON-GRANT INSTRUMENT at CEO Endorsement

Includes Non grant instruments? **No**

Includes reflow to GEF? **No**

F. Project Preparation Grant (PPG)
PPG Required **false**

PPG Amount (\$)
50,000

PPG Agency Fee (\$)
4,750

Agency	Trust Fund	Country	Focal Area	Programmin g of Funds	Amount(\$)	Fee(\$)
UNIDO	SCCF -A	Global	Climat e Change	NA	33,333	3,167
UNIDO	LDC F	Global	Climat e Change	NA	16,667	1,583
Total Project Costs(\$)					50,000.00	4,750.00

Core Indicators

Indicator 4 Area of landscapes under improved practices (hectares; excluding protected areas)

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)
0.00	0.00	0.00	0.00

Indicator 4.1 Area of landscapes under improved management to benefit biodiversity (hectares, qualitative assessment, non-certified)

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)

Indicator 4.2 Area of landscapes that meets national or international third party certification that incorporates biodiversity considerations (hectares)

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)

Type/Name of Third Party Certification

Indicator 4.3 Area of landscapes under sustainable land management in production systems

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)

Indicator 4.4 Area of High Conservation Value Forest (HCVF) loss avoided

Ha (Expected at PIF)	Ha (Expected at CEO Endorsement)	Ha (Achieved at MTR)	Ha (Achieved at TE)

Documents (Please upload document(s) that justifies the HCVF)

Title	Submitted
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Indicator 11 Number of direct beneficiaries disaggregated by gender as co-benefit of GEF investment

	Number (Expected at PIF)	Number (Expected at CEO Endorsement)	Number (Achieved at MTR)	Number (Achieved at TE)
Female				
Male				
Total	0	0	0	0

Part II. Project Justification

1a. Project Description

1 The proposal has been designed in accordance with the PIF and no changes on the component of activities have been applied in comparison with the PIF. Nonetheless, changes in the budget have been made. Indeed as the co-financing letters from the countries have not yet been received, the budget has been built based on co-financing justified by co-financing letters only. UNIDO as implementing agency is in contact with the countries and cities to finalize the co-financing letters from each country, both in-kind and in grant. Unfortunately, COVID-19 and its repeated lockdowns, has made the communication with the local administration more difficult, in the respective cities and countries. Efforts are being deployed by the UNIDO to remediate to the current situation and provide the letters at the earliest possible.

The three countries and cities have provided endorsement letter and support letter for the project, which are attached to the submission as supporting documents.

Sources of Co-financing	Name of Co-financier	Type of Co-financing	Investment Mobilized	PIF Amount (\$)	Current amount	Comments and explanations
GEF Agency	UNIDO	Grant	Investment mobilized	80,000	30,000	Co-financing letter annexed to the proposal.
GEF Agency	UNIDO	In-kind	Recurrent expenditure	200,000	100,000	Co-financing letter annexed to the proposal.
Government	Lao PDR	Grant	Investment mobilized	350,000	-	No co-financing letter received.
Government	Lao PDR	In-kind	Recurrent expenditure	150,000	-	No co-financing letter received.
Government	Mozambique	Grant	Investment mobilized	350,000	-	No co-financing letter received.
Government	Mozambique	In-kind	Recurrent expenditure	150,000	-	No co-financing letter received.

Government	Antigua and Barbuda	Grant	Investment mobilized	350,000	-	No co-financing letter received
Government	Antigua and Barbuda	In-kind	Recurrent expenditure	150,000	150,000	Co-financing letter annexed to the proposal. No changes since PIF.
Others	CTCN	Grant	Investment mobilized	150,000	150,000	Co-financing letter annexed to the proposal. CTCN has decided to offer 150,000 USD in grant and 150,000 in kind instead of the 300,000 USD in kind planned at PIF stage.
Others	CTCN	In-kind	Recurrent expenditure	300,000	300,000	Co-financing letter annexed to the proposal. CTCN has decided to offer 150,000 USD in grant and 150,000 in kind instead of the 300,000 USD in kind planned at PIF stage.
Others	UNEP FI	In-kind	Recurrent expenditure	220,000	-	No co-financing letter
Others	UN-Habitat	In-kind	Recurrent expenditure	-	350,000	UN Habitat is providing a letter of co-financing for 350,000 USD in-kind, thus a positive difference of +350,000 USD in comparison with the PIF.

Total Co-financing			2,300,000	930,000	
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1) Global environmental and/or adaptation problems, root causes and barriers that need to be addressed (systems description)

2 1.1 Climate related disasters are generating an increasing socio-economic damage in developing countries. Least Developed countries (LDC) and Small Island Developing States (SIDS) are amongst the most affected.

3 The world has witnessed a **tenfold increase in the number of natural disasters since the 1960s**. Data captured between 1900 and 2019 reveals a striking jump from 39 incidents in 1960 to 396 in 2019 (IED, 2020). Together, floods and storms account for 71 % of all the disasters that have occurred since 1990, and these disasters are directly influenced by changes in climate conditions, such as an increased frequency and intensity of rainfalls.



Figure 1 - Trend in the number of natural disasters, 1900 to 2019. Source: EM-DAT

Disaster Type	Number of disasters	Percentage
	(1990 - 2019)	(%)
Flood	4119	41.5%
Storm	2942	29.6%
Earthquake	818	8.2%
Landslide	551	5.6%
Extreme temperature	524	5.3%
Drought	475	4.8%
Wildfire	341	3.4%
Volcanic activity	154	1.6%
Total	9934	100%

Source: EM-DAT, IEP Calculations



Figure 2 - Number of natural disasters by type, 1900 to 2019. Source: EM-DAT

4 The Global South is by far the most affected by these disasters. Asia-Pacific was hit by 29 % of global natural disasters in the last 30 years (up to 2019). Across the region, the majority of countries are at a high risk of floods. In the Sub-Saharan Africa, 33 countries out of 46 countries face a medium to a high exposure. Within the region, Mozambique and Namibia both face the highest exposure to climate related risk (IED, 2020).

5 Climate related disasters have already caused significant economic losses worldwide. Developing countries are particularly affected by such losses because they are more vulnerable to the damaging effects of a hazard and have a lower coping capacity. In 2019, 8 out of the 10 countries most affected by impacts of extreme weather events in quantified terms belong to the low- and middle-income category, and half of them are Least Developed Countries (LDC) (Germanwatch e.V, 2021). Most recently, climate related disasters produced losses worth of USD 210 billion in year 2020 (Munich RE, 2021). This showcases an alarming acceleration compared to previous years. From 1998 to 2017, total economic losses associated with climate related disasters were estimated at USD 2,245 billion. Overall, the reported losses associated to extreme weather events rose by 151% over the last two decades (UNIDSR, CRED, 2018).

6 In addition, the **COVID-19 pandemic** emerged in 2020 is expected to significantly influence the countries' ability to plan for, finance and implement climate change adaptation (CCA) actions in response to current and future climate impacts. The finance gap for climate adaptation is at risk of widening in future years because of the fiscal drain on resources resulting from the pandemic. Developing countries are especially vulnerable as they bear a disproportionate weight of climate disasters while their fiscal space is more limited, their credit ratings more at risk, and hence their borrowing capacity more constrained (UNEP, 2021).

LDCs and SIDS are at a greater risk compared to other developing countries

7 LDC and SIDS represent the most vulnerable groups of countries in the Global South that are projected to be the worst hit by climate change. As per the UN, SIDS are a group of 52 low-lying coastal countries sharing similar developmental challenges. For example, the borders of SIDS are essentially low-lying coastal areas that are affected by the rising sea levels as a result of the global warming. LDC are low-income countries also sharing a number of common structural challenges preventing a steady sustainable development. They are highly vulnerable to economic and environmental shocks and are characterised by limited human assets. As of today, 46 countries are listed as being an LDC (UN, 2021).

8 The economies of SIDS are small and often not diversified, which leaves them more exposed to adverse economic effects. Similarly, LDC have less capacity to protect and rebuild their economies and societies due to an early stage of their economic development. For example, the proportional impact in a Small State (SS) as compared to larger countries is stronger making it 23 times more damaging in terms of a GDP share as shown below:

	Damages (US\$) 1/		Damages / GDP (%)		Affected / Pop (%)	
	Non-SS	SS	Non-SS	SS	Non-SS	SS
Drought	1,071	67	1.2	2.0	12.2	35.4
Earthquake	2,231	128	1.4	12.3	0.5	2.0
Extreme temperature	1,357	3	0.8	0.5	1.3	0.7
Flood	577	37	0.4	3.1	0.7	5.5
Storm	756	100	0.7	16.1	0.7	11.2
Volcanic activity	173		0.8		0.2	6.7
Wildfire	575	32	1.1	14.5	0.3	0.4
Other	178		0.8		0.1	1.0
Total	849	87	0.7	12.9	1.1	9.8

Sources: EM-DAT; WEO; WDI; and IMF staff calculations.

1/ In 2010 constant US dollars.

Figure 3: Average economic cost of natural disasters by type 1950-2014. Source: IMF, 2016

9 Considering the projected climate related future vulnerabilities, the cost of the effects of climate change to these countries is likely to be phenomenal. As of today, 1 in 10 natural disasters costs the Caribbean SIDS about 30% of their GDP as compared to less than 1% for larger countries (Mycos, 2018). From 1950 to 2014, natural disasters cost the Caribbean region nearly USD 53 billion in quantified damages (CRED, 2015). In the future, a 1 meter sea level rise by 2080 is likely to cost the Caribbean SIDS nearly 8 % of their projected GDP (UN-OHRLLS, 2017) and the Pacific Island States from 2.9 % to as high as 12.7 % of their projected GDP (Asian Development Bank, 2013).

10 In response to the above, the international climate change adaptation finance (CCA finance) pool is growing but remains a very small share of the assessed needs. As estimated by UNEP, the adaptation cost will reach an annual amount of USD 140 billion to USD 300 billion by 2030 and USD 280 billion to USD 500 billion by 2050. Current data suggests that developing countries alone require an annual adaptation cost of USD 70 billion (UNEP, 2021). In comparison, available

CCA finance was of USD 30 billion in 2017/2018, though it registered a significant increase of 35% from 2015/2016 due to continuous commitments from the Development Finance Institutions (DFI) such as the Adaptation Fund (AF), the Green Climate Fund (GCF), the Global Environmental Facility (GEF) the World Bank or the regional development banks. Over 50% of the projects initiated after 2015 by the Adaptation Fund, the Green Climate Fund and the Global Environment Facility targeted the LDC and over 15 % of them targeted SIDS (UNEP, 2021).

11 In addition, over 75 % of the funds have been spent in the source country itself showing a strong domestic preference (CPI, 2019). This generates large disparities in access to CCA finance. For example, East Asia and the Pacific channel 35% of all the global CCA funds whereas South Asia has access to only 13% and Latin America to only 11%. **LDC and SIDS hence have a very low access rate to the global CCA finance** since they are in general unable to mobilise the required amounts domestically.

REGIONAL DISTRIBUTION OF ADAPTATION FINANCE, 2017-18

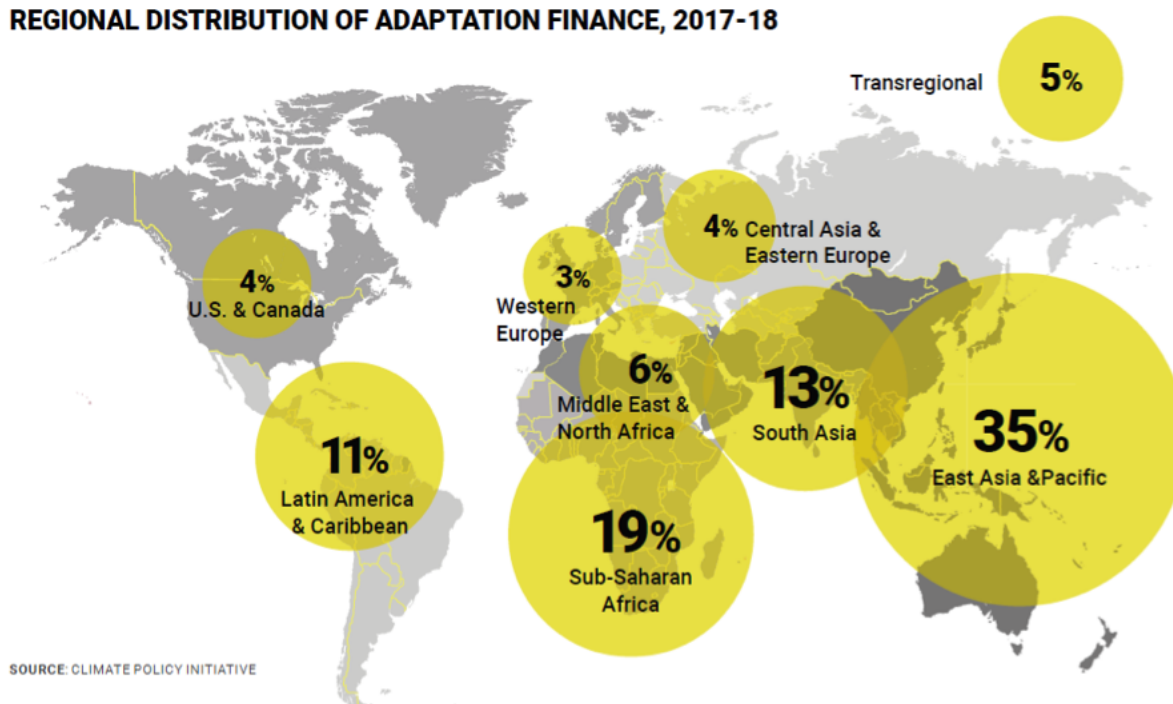


Figure 4: Regional distribution of adaptation finance. The distribution combines public and private funds.
Source: CPI, 2019

12 Importantly, climate finance remains largely dominated by climate change mitigation finance, which represented 93% of climate finance in 2017/2018 (CPI, 2019). Climate adaptation hence receives a very modest share of climate finance.

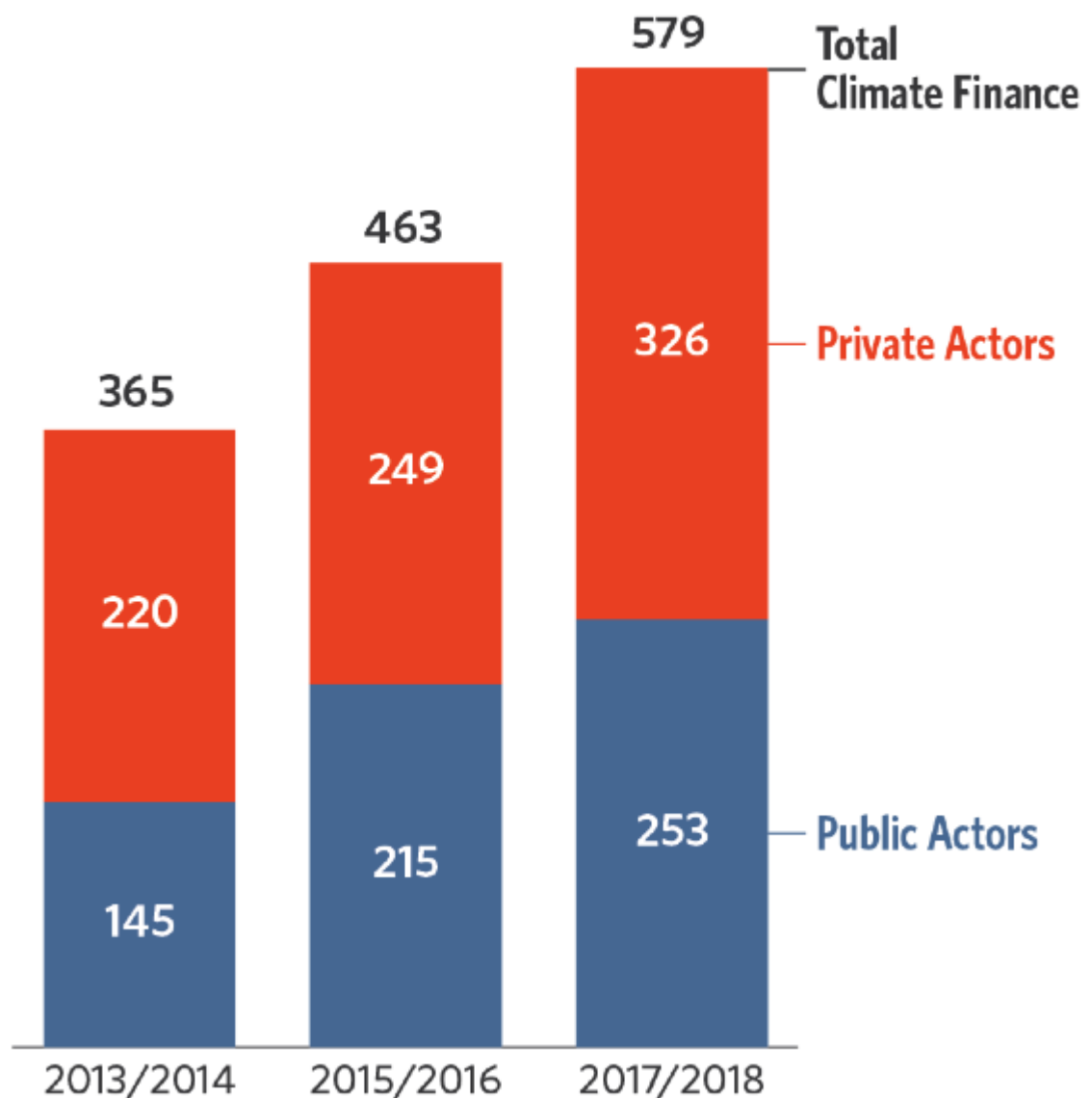


Figure 5- Global climate finance flows by public and private actors, 2013-2018 (2 year average), in USD billions. Source: CPI, 2019

13 This conclusion is further supported by the fact that **private climate finance dominates over public climate finance**. Over 2017/2018, the share of average annual public climate finance totalled USD 253 billion, representing 44%, while private climate finance reached USD 326 billion and 56% of the overall pool.

14 Developing countries do not have access to private finance easily as compared to the developed countries. For example, according to the Global Landscape of Climate Finance 2019, over 2017/2018:

15 Private sector entities dominated climate finance in the Americas (Canada, Chile, Colombia, Mexico, and the United States) Israel, Japan, Oceania and South Korea; Western Europe, East Asia

& Pacific and South Asia had an almost equal split of public and private funds received. In all other regions, public entities were the primary sources of climate finance.



Figure 6: Destination region of climate finance, by public/private (USD billion, 2017/2018 annual average). Source: CPI, 2019

16 The **continued dependency on public funds among developing countries** calls for a radical change because of the growing CCA finance needs in these countries. Closing this adaptation finance gap requires transformational actions. While public finance plays a pivotal role in creating long term climate resilience and establishing enabling conditions, **private finance is needed to complement public finance inputs and bridge the existing finance gap.**

1.2 Small and medium size cities in developing countries bear a significant portion of climate related damages

17 **Urban populations in developing countries are at the forefront of climate vulnerabilities and CCA finance needs identified above.** This is due to the fact that the Global South is rapidly urbanising. According to the World Resources Institute (WRI), population in most cities in Africa and South Asia will grow by 30 to 100% between 2015 and 2030, and by 15 to 100% in most cities of Latin America and South East Asia (Figure 6). At the same time, cities located in developing countries are particularly vulnerable to climate risks. For example, over 410 million Asian urban dwellers will be at risk of coastal floods by 2025 and 19 of the 25 world cities most exposed to a 1-meter sea-level rise by 2100 are in Asia, with 7 cities in the Philippines alone.

18 Rapid urbanisation heavily increases climate risks in cities. While cities represent only 2% the planet's landmass, they hosted 55% of the world's population as of 2018 (UN, 2018). This means that large numbers of people are concentrated on a small territory with reduced natural ecosystems. The latter results in increased floods, coastal inundation, droughts, amplified heat waves, an extreme weather volatility and an increase in vector borne diseases (CDP, 2019). The effect of such extremities is felt by a large portion of the population living in cities. The report on Cities at Risk: Dealing with the Pressures of Climate Change indicated that, in 2018, 85% of cities reported major climate-related disruptions such as flash floods and floods, heat waves and droughts (CDP, 2019). In particular, nearly 60% of the cities with a population of 300,000 or less are under a high exposure to natural disasters.

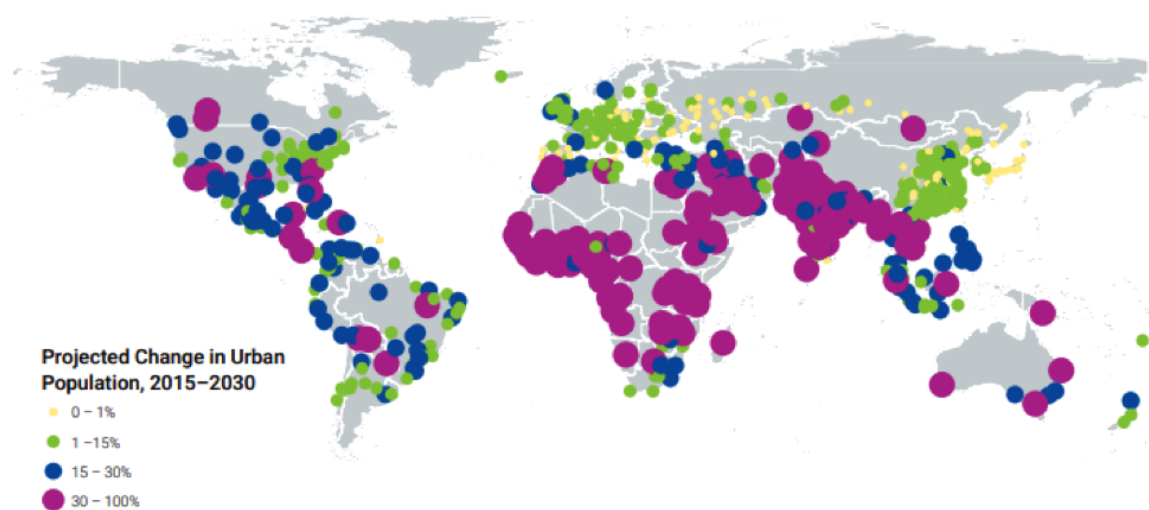


Figure 7: Projected growth rates of urban agglomerations, 2015–2030. Source: WRI, 2019

19 Small and medium size cities represent an important share of the existing and growing urban population. Nearly half of the world's urban dwellers live in small and medium cities of 500,000 inhabitants or less (about 2 billion as of 2018) and over 40% of them live in cities with less than 300,000 inhabitants (Figure 8). Population in medium size cities has nearly doubled between 1990 and 2018 and may increase by 28% in the period of 2018 – 2030, growing from 926 million to 1.2 billion (UN DESA, 2019). Small and medium size cities are therefore of particular importance when it comes to building urban climate resilience.

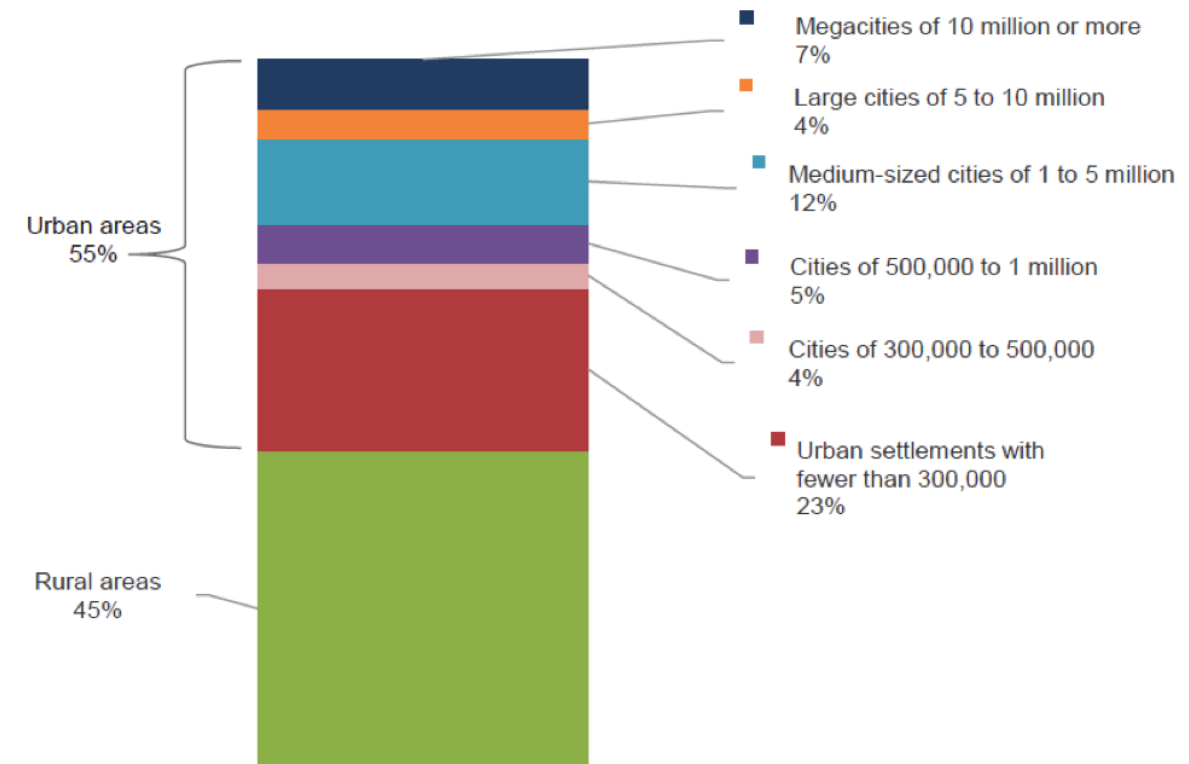


Figure 8: World population by areas of residence, 2018. Source: UN, 2019

1.3 Small and medium size cities hence face rapidly growing CCA finance needs, but have access to a very limited share of it

20 According to the latest Global Landscape of Climate Finance report by the Climate Policy Initiative (2019), urban CCA finance is a very small percentage of the overall CCA finance. Of the USD 30.8 billion in annual adaptation finance tracked in 2017-18, **only 5% were directed into cities** (USD 1.7 billion). The World Bank however estimates that, by 2050, between USD 11 and 20 billion will be needed on an annual basis to protect global urban infrastructure from climate risks (WRI, 2019).

21 Further, small and medium size cities receive a tiny share of the urban CCA finance while they host the majority of the urban population. While there is no data showcasing how CCA finance is shared between cities of different sizes, the World Bank estimated that only a small percent of the 500 largest cities in developing countries are deemed creditworthy: 4% in international financial markets and 20% in local markets (World Bank, 2013). The creditworthiness challenge disproportionately impacts cities in developing and emerging economies and, a fortiori, small and medium size cities.

22 The above leads to concluding that small and medium size cities in developing countries and, a fortiori in LDC and SIDS (hence forward referred to as target cities), face high vulnerabilities to climate change while they have the lowest possible access to CCA finance. It is hence critical to channel CCA finance into these cities in order to prevent a large portion of the world's population from being heavily affected by climate change in the near and intermediate future.

1.4 Threats and root causes

23 Urban climate vulnerabilities come from an increasing global warming layered over an unsustainable growth pattern. This pattern is characterised by a rapid land cover change, by an infrastructure development that does not incorporate climate resilience and by urban settlements rapidly growing in highly climate risk exposed areas of the city. The latter particularly hits the urban poor. For example:

24 Land cover change: Cities such as Bangalore and Chennai have respectively lost 80% and 90% of their water bodies in the last 4 decades (CSE, 2016). As a consequence, Bangalore regularly faces severe floods since 2000 (IISC, 2017) and the massive 2015 flood in Chennai caused an estimated damage of USD 2.2 billion. After 50% of Manila was flooded in 2012, experts referred to an unplanned city expansion and mismanagement of natural ecosystems as reasons for the disaster to occur (de Leon, 2012).

25 Growing vulnerabilities of the urban poor: As per UN Habitat, over 40% of South Asian urban population lives in slums. Informal settlements tend to crop up in environmentally vulnerable areas: river or lake banks, steep slopes or low-lying coastal zones. Disaster related costs for the urban poor are tremendous because the urban poor lack health and property insurance while the quality of their housing is the least resilient to extreme weather events (Feiden, 2011).

26 At the same time, **basic infrastructure and housing needs in the Global South are tremendous.** According to the Global Infrastructure Basel Foundation, 75% of the infrastructure that will exist in 2050 doesn't exist today. A major portion of this infrastructure will be built in the Global South. For example, the Asian Development Bank (ADB) estimates that, between 2010 and 2020, over USD 8 trillion will need to be invested into infrastructure in Asia (ADB, 2009). In addition, the World Bank estimated that USD 11 billion to USD 20 billion will be needed annually to safeguard urban infrastructure against climate risk, which at present is not being fulfilled (WRI, 2019). **Integrating climate adaptation measures into rapid infrastructure urban development in the Global South is hence absolutely critical.**

27 This integration, in turn, requires cities to have the capacity to accurately assess causes of their climate vulnerabilities, develop and integrate climate adaptation measures into city plans, and secure adequate finance to implement these measures. These requirements are however not met in most small and medium size cities of the LDC and the SIDS. Larger cities in countries with more robust economies often have a dedicated entity or human resources to undertake climate action and mainstream it into various city development activities. They also often benefit from established mechanisms to access loans and private funds.

28 Small and medium size cities, on the other hand, lack such critical enablers. Operating under a very reduced technical staff capacity, they often do not have in-house climate risk specialists. As a result, climate risk is not mainstreamed into city development plans, which leads to generating further vulnerabilities, for example by allowing development in climate hazard prone areas. Similarly, climate risk is not integrated and budgeted under these cities' municipal expenditure plans and their capital investment plans. Finally, LDC and SIDS often have a low national credit rating, which make it very hard for these countries and, a fortiori, for small and medium size cities in these countries, to access any CCA finance beyond conventional development assistance mechanisms.

2) Baseline scenario and associated baseline projects

29 While small and medium size cities in developing countries are highly vulnerable to climate risk, they also lack capacity to tackle this risk. In particular, they are neither in a position to localize national climate adaptation planning efforts or to lead these efforts at the local level, nor in a position to independently tap into CCA finance mechanisms.

2.1 Challenge with localising climate adaptation planning at the municipal level

30 The last two decades have seen significant progress in CCA planning at the national level in developing countries. Over 72 % of countries have at least one national level planning instrument in place that addresses adaptation, and 125 developing countries have begun the process of formulating and implementing National Adaptation Plans (NAP). Countries have also increasingly institutionalised sectoral (58% countries) or subnational (21% countries) adaptation planning instruments (UNEP, 2021). However, further efforts are required at the national level. For example, while most countries have set adaptation planning criteria, half of them lack implementation measures as well as monitoring and evaluation frameworks. (UNEP, 2021)

31 Further, mainstreaming national adaptation targets and policies into sub-national levels, including the municipal level, has revealed particularly challenging. For example, Bangladesh implemented various initiatives to address climate change impacts. United Nations Development Program (UNDP) facilitated climate change mainstreaming into national and sub-national guidelines and development processes. The score matrix for mainstreaming the objectives of the National Adaptation Plan into the Dhaka Structure Plan (2016-2035) was assessed at 61.5%, which is a moderate level of mainstreaming. In addition, it was analysed that climate finance provisions were not included into this plan and that institutional mapping, stakeholder engagement, climate change risk assessment and capacity building were not well integrated (Urban Science, 2020).

32 One of the key barriers preventing cities from effectively localising and implementing national adaptation plans is a lack of capacity in mainstreaming CCA into various city plans ? such as a master plan, a city development plan or city sectoral plans ? and in mainstreaming CCA into the city capital expenditure plan. Both are required to **tackle the financial gap in urban adaptation finance.**

33 2.2.1 Developing countries? access to CCA finance largely depends on public development finance

34 Developing countries face a particularly steep fiscal challenge amid increased emergency spending, irregular or declining tax revenues, oncoming debt payments, and a decline in global trade. Adaptation costs may be higher for developed countries in absolute terms, but the burden is higher for developing countries relative to their gross domestic products, adding to their generally more constrained financial, technical and human capacities. The target cities, hence, a fortiori, have a very limited CCA finance pool of opportunities, which essentially concentrate on public development finance procured through the national level.

35 A few international DFI dominate the scene of the development CCA finance. The Green Climate Fund (GCF), the Global Environment Facility (GEF), in particular through the LDCF and the SCCF, the Pilot Program for Climate Resilience (PPCR) and the Adaptation Fund are most active CCA finance providers in the developing countries (Figures 9 and 10) (Climate Funds Update , 2020). Several developed countries have also established climate finance initiatives or are channelling climate finance through their bilateral development assistance institutions. Many developing countries have also set up regional and national funds and channels to receive climate finance.

Fund	Pledged	Deposited	Approved	Projects approved
Green Climate Fund (GCF)	10,319.6	8,144.7 ^a	1,288.1	52
Least Developed Countries Fund (LDCF)	1,463.5	1,411.5	1,161.0	263
Pilot Program for Climate Resilience (PPCR)	1,144.8	1,144.8	988.1	67
Adaptation Fund (AF)	956.6	890.7	720.5	207
Adaptation for Smallholder Agriculture Programme (ASAP)	381.7	330.3	291.2	42
Special Climate Change Fund (SCCF)	377.4	369.0	279.4	68
Global Environment Facility Trust Fund 7 (GEF 7)	654.2	654.1	48.3	8

Figure 9: Multilateral funds supporting adaptation (2003-2019, USD millions). Source: Climate Funds Update 2020

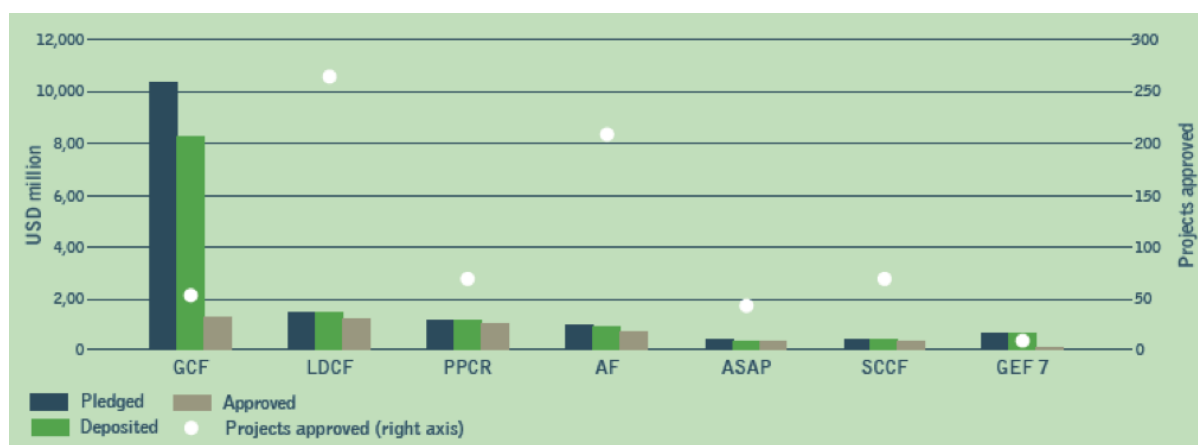


Figure 10: Multilateral Climate Funds supporting Adaptation (2003-2019). Source: Climate Funds Update 2020

2.2.2 LDC and SIDS heavily rely on public development finance while they can hardly access private and innovative CCA finance sources

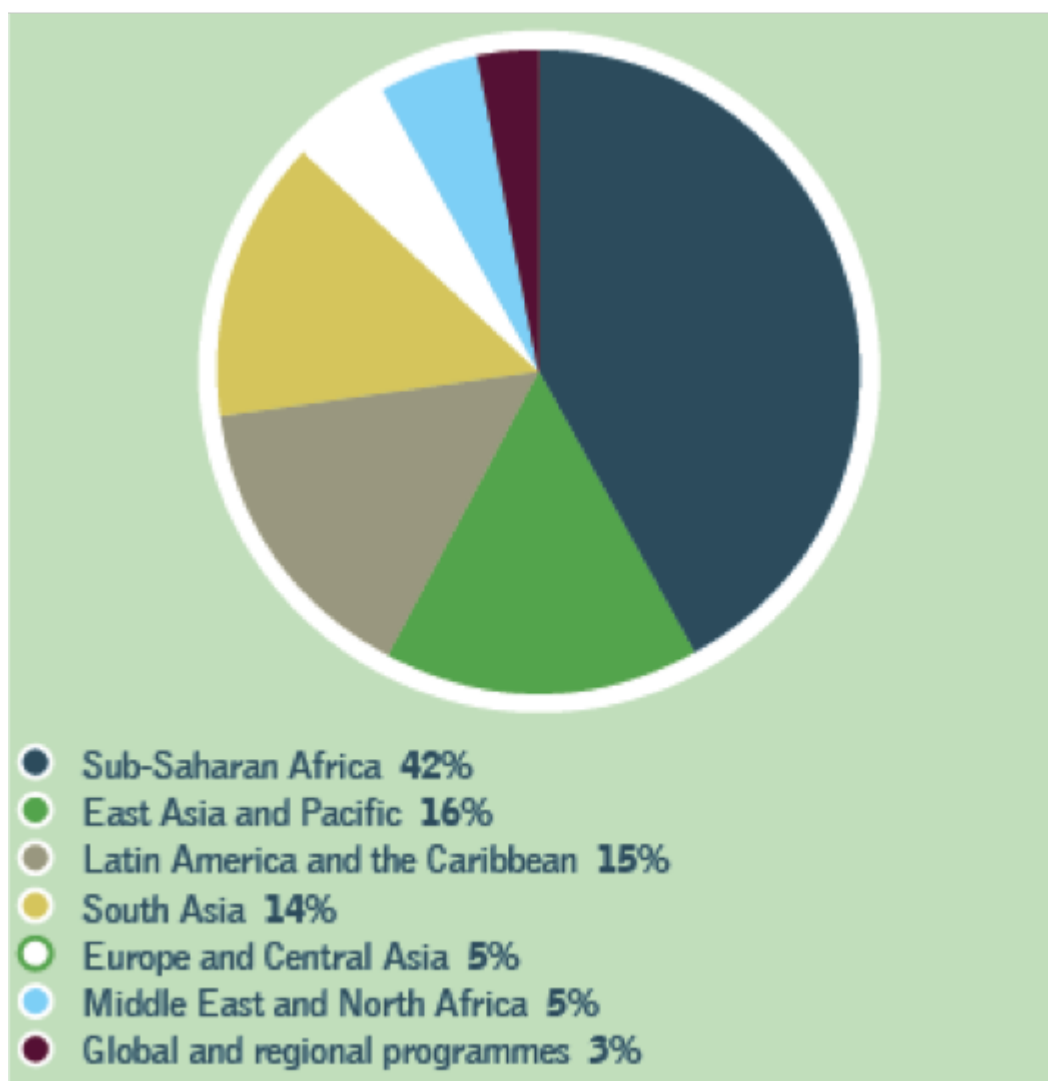


Figure 11: Regional distribution of approved adaptation finance from major climate change funds (2003-2019). Source: Climate Funds Update 2020

36 LDC and SIDS heavily rely on public CCA finance because of their very limited access to private and innovative financing mechanisms/instruments. All multilateral climate funds are particularly active in LDC and SIDS. According to the latest Climate Funds Update report, the regions which attract the largest share of global public CCA finance are: Sub-Saharan Africa (42% of the share), East Asia and the Pacific (16%), and Latin America and the Caribbean (15%), followed by programs and activities in South Asia (14%) and Europe and Central Asia (5%) (Climate Funds Update , 2020).

37 The Climate Funds Update report also highlights that the 39 SIDS nations have received USD 1,772 million from multilateral climate funds between 2003 and 2019. This amount financed 334 projects. In 2019, USD 110 million were approved for CCA projects in SIDS.

38 Coming to private CCA finance, a recent OECD report highlighted that **only 3% of mobilized private finance is directed towards helping developing countries** adapt to climate impacts. It noted that private investments tend to either be directed towards higher income countries and cities or towards projects in which greenhouse gases (GHG) emissions reductions can be quantified. (OECD, 2019)

39 The **challenges which private sector faces while providing climate finance in cities** are:
1) limited support from municipal officials/city government, 2) unsupportive market environments for investment, 3) limited risk guaranty on returns, 4) limited technical and technological capacity, 5) weak legal and regulatory framework.

2.3 Baseline projects contributing to filling the gap

40 Though no project pursuing the exact objective of the present project was identified, the following projects relate to this objective to an extent:

Baseline Projects (Global)

Project Title	Implementing entities	Project description	Project Period	Complementarity with current proposal
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<p>Using systemic approaches and simulation to scale nature-based infrastructure for climate adaptation</p>	<p>UNIDO-GEF</p>	<p>Geographic coverage/ Focus: most of Africa and South Asia</p> <p>Details: The purposes of this project nature-based infrastructure refers to deliberately planned and managed natural ecosystems and working landscapes to:</p> <ul style="list-style-type: none"> - enhance the delivery of ecosystem services including those that are analogous to public infrastructure - Enhance the delivery of co-benefits to human populations, - reduce the need to traditional grey infrastructure - serve as a substitute for traditional grey infrastructure - increase the efficiency of traditional grey infrastructure 	<p>2021</p>	<p>This initiative is complementary to the current proposal as it is implemented in Africa and South Asia, that are also two continents in which this proposal will be implemented. This previous initiative also analyses adaptation measures to climate change on cities and infrastructure. Nonetheless, the current proposal will focus mainly on small and medium sized cities as well as on the financing mechanisms that could be used to support the implementation of adaptation measures which will nicely complement this ongoing initiative.</p>
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<p>Toolkit to enhance access to adaptation finance</p>	<p>OECD and GEF</p>	<p>Geographic coverage/ Focus: The toolkit primarily focuses on enhancing access of the countries particularly vulnerable to climate change (including LDCs, SIDS and African states) to international climate finance trust funds, while recognizing that various domestic resources within those countries will also be important to finance and scale up the adaptation action.</p> <p>Details: The purpose of the toolkit is to outline a spectrum of tools that could help the countries navigate the evolving architecture of climate finance and seize opportunities for accessing CCA finance. The following six non-intrusive, non-prescriptive and non-exhaustive technical tools were identified as helpful to policy makers in navigating the evolving architecture of climate finance and seizing improved opportunities:</p> <p>Identify the most relevant international financing channels.</p> <p>Support capacity development at the organizational level.</p> <p>Support and facilitate project and/or program preparation.</p> <p>Enhance domestic enabling environments to attract private and public finance.</p> <p>Foster lesson sharing and peer-learning.</p> <p>Use the National Adaptation Plan (NAP) process</p>	<p>2014-2019</p>	<p>This project will be considered in the design of the 6-tools sequenced financial toolkit as it will provide previous guidelines on the development of a toolkit for adaptation finance in LDCs. The current proposal will complement this previous exercise as it will focus on small and medium sized cities of LDCs and SIDS which face high vulnerabilities to climate change while they have the lowest possible access to CCA finance.</p>
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<p>Sustainable city development in Melaka, Malaysia</p>	<p>UNIDO, GEF, Malaysian Industry Government Group for High Technology</p>	<p>Geographic coverage/ Focus: Melaka and Malaysian cities in general</p> <p>Details: The proposed child project will directly contribute to integrating climate risks in urban planning and management. This will be achieved through:</p> <p>Support to the development of national urban policy frameworks, improved planning and management of Melaka,</p> <p>Increased investment into Melaka's urban management modalities,</p> <p>Increased knowledge and partnerships on sustainable cities in Malaysia.</p> <p>Expected outcomes:</p> <p>Integrate climate risks into urban planning and management,</p> <p>Develop incentives ? such as green procurement or PPP ? while building institutional capacity of policymakers at the national level,</p> <p>Conduct awareness raising events for policymakers, industry and end-users.</p>	<p>2019</p>	<p>This previous project will be considered during the implementation of the current proposal, mainly considering the project in Lao PDR as it may provide lessons learnt and recommendations on the best way to increase investments into urban management in cities of Asia, as well as it could provide insights on innovative financial mechanisms. The current proposal will be complementary to this project in Malaysia, as the final product will be a 6-tools sequenced financial toolkit adapted to small and medium sized cities of LDCs and SIDS that could be replicated to other territories. The current proposal plans to organize regional meetings to as well as disseminated knowledge materials in different languages to ensure that the toolkit could be used in other cities of the selected countries as well as in other countries of the selected regions.</p>
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Climate Smart Capital Investment Plan (CIP)	The World Bank	<p>Geographic coverage/ Focus: municipalities</p> <p>Details: A workbook on formulating capital investment plans was designed for subnational governments. It may be used to prioritize capital investments.</p>	<p>This previous project is relevant as it was developed at municipal level and aimed at formulating capital investments plans which is the results expected from activity 2.1.1.3 of the current proposal.</p> <p>The current proposal will complement the previous project as it will create a toolkit that will include a capital investment plans as well as 5 other tools to support small and medium sized cities of LDCs and SIDS to access CCA climate finance.</p>
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<p>The Honiara Urban Resilience and Climate Action Plan (HURCAP)</p>	<p>United Nations Human Settlements Programme (UN-Habitat) under Cities and Climate Change Initiative (CCCI)</p>	<p>Geographic coverage/ Focus: Honiara, the capital city of the Solomon Islands</p> <p>Details: The Honiara Urban Resilience and Climate Action Plan (HURCAP) sets a methodological approach to adaptation planning and a portfolio of priority adaptation actions. Priority actions are identified through a participatory planning process which screens 10 thematic areas:</p> <ul style="list-style-type: none"> Urban planning and land development Housing Infrastructure Water, sanitation and waste Ecosystem services and coastal processes Human health and well-being Communication: awareness and education Livelihoods and behaviour change Disaster preparedness and response Governance and partnerships <p>These categories help frame adaptation processes and actions at multiple scales across the city.</p>	<p>2016</p>	<p>This previous project could provide relevant support to activities 1.1.3.2 ? Implement a toolkit to the selected cities; 2.1.1.1 ? Implementing Tool 3 ? Initiate a robust capital expenditure planning; 2.1.2.1 ? Prepare an overarching list of prioritised projects combining CCA projects and regular infrastructure projects with a CR component (Tool 3, Steps 11 and 12) which aim at prioritizing adaptation measures for urban cities. This proposal will be complementary to the previous programme as it will not only prioritize CCA measures but will also promote CCA finance through the development of a 6-tools sequenced financial toolkit.</p>
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Building urban climate resilience in South eastern Africa (Madagascar, Malawi, Mozambique, Union of Comoros)	UN-Habitat	<p>Geographic coverage/ Focus: South eastern Africa (Madagascar, Malawi, Mozambique, Union of Comoros)</p> <p>Details: The project covers 4 countries: Madagascar, Malawi, Mozambique and Union of Comoros. The project aims to develop capacities to adapt to the adverse effects of climate change in vulnerable cities of the participating countries. Chokwe is the first pilot city to implement the CityRAP Tool, designed by UN-Habitat in partnership with DiMSUR as a response to existing urban governance challenges in Sub-Saharan Africa.</p>	2017-2020	<p>This previous project is relevant as it has been implemented in one of the cities that has also been selected for the current proposal. This city is Choke in Mozambique. The current proposal will build on the data and results obtained by the CityRAP and DiMSUR to identify existing urban challenges in Choke. It will complement the existing projects by identifying adaptation measures that could be developed to solve these barriers as well as listing the financial mechanism that could fund these CCA initiatives.</p>
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<p>Cities-IAP: Sustainable Cities Integrated Approach Pilot (IAP-PROGRAM)?,</p>	<p>GEF</p>	<p>Geographic coverage/ Focus: Brazil, China, Cote d'Ivoire, India, Malaysia, Mexico, Paraguay, Peru, Senegal, South Africa, Vietnam</p> <p>Details: The goal is to promote sustainable urban development through better integrated models of urban design, planning, and implementation. Designed to function as proof of concept, it is expected that this innovative pilot program will create a strong network of cities that will act as global ambassadors for urban sustainability planning, with tangible benefits at both the local and global levels</p>	<p>2015</p>	<p>This initiative financed by the GEF is interesting as it took place in courtiers of different continent including Africa, Asia and America Latina and Caribbean which is also the case of the current proposal. Also, this previous initiative worked in improved models for urban planning, design and implementation. These models will be analysed while designing the tool 2 Identify and prioritise CCA actions and projects which will help the city avoid identified damages and increase climate resilience. The current proposal is complementary to this previous initiative as it focuses in designing tools to access climate finance to implement CCA measures or actions.</p>
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<p>Cities and Climate Change Initiative, Fiji</p>	<p>UN-Habitat</p>	<p>Geographic coverage/ Focus: Republic of Fiji</p> <p>Details: Lack of budget allocations for climate change adaptation and disaster risk management in municipalities of Fiji has been identified as an ongoing challenge. The programme assisted municipal councils with incorporating climate change adaptation strategies into their planning processes. Support was also provided at a community level, helping local communities design community level disaster management plans through identify climate change related vulnerabilities and key adaptive and mitigation measures which can be implemented.</p>	<p>2012</p>	<p>This previous project is relevant as it was developed at municipal level and aimed at assisting municipal councils in incorporating CCA strategies into their planning processes</p> <p>The current proposal will complement the previous project as it will create a toolkit that will support small and medium sized cities of LDCs and SIDS to access CCA climate finance.</p>
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Joint programme on environmental mainstreaming and adaptation to climate change in Mozambique	UNIDO	<p>Geographic coverage/ Focus: Chicualacuala District, Limpopo River Basin, Mozambique.</p> <p>Details: A new standard model of risk analysis (based on community mapping and GIS) was applied in Chicualacuala as a pilot district and replicated in more than 20 districts. Climate change was firmly established in the national agenda and mainstreamed in poverty reduction plans, disaster management and food security plans and strategies. The capacity of planners was strengthened to gather and analyse climate change data and implement plans that integrate environment issues.</p>	<p>This previous project is relevant as it was developed in Mozambique, one of the selected countries, and aimed at mainstreaming CCA. The current proposal will benefit from the established institutional context.</p>
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3) Pilot country and city preliminary analysis

41 This section provides a baseline scenario in the three countries and cities, selected as pilots for this project and associated baseline projects and plans. All the 3 pilot cities are small and medium size cities from the LDC and SIDS:

- English Harbour Town in Antigua and Barbuda
- Savannakhet in Lao PDR
- Chokwe in Mozambique

Antigua and Barbuda

Overview

42 Antigua and Barbuda is a SIDS located in the Eastern Caribbean Sea. The two-island country has a population of 94,400 people residing on the island of Antigua and a population of 1,600 people residing on the island of Barbuda. About 30% of the population is considered to be urban

and 22% to be below the age of 14 (CIA, 2020). Antigua and Barbuda has an annual GDP of 1.4 billion USD and tourism is the country's largest economic sector (nearly 70% of the GDP) largely dependent on coastal infrastructure and coastal resources.



Figure 12: Geographical location of Antigua and Barbuda in the Caribbean Sea. Source: Adaptation Fund, 2017

National climate vulnerabilities and risks

43 Impacts of climate change on Antigua and Barbuda include a sea level rise (SLR), a coastal erosion, intense weather events such as hurricanes and droughts. The country experienced an extended drought from 2012 to 2015, the second extended drought in 15 years, which required emergency investments and a significant recovery cost.

44 The GCF project Resilience to Hurricanes in the Building Sector in Antigua and Barbuda identified the following future climate change trend likely to affect the country:

- An estimated 30 ? 50% less rainfall in 2090 compared to the late 20th century rainfall norms.
- Increased rainfall intensity leading to greater risks of flash floods and floods.
- Average ambient temperature increased by 3 to 5°C by the end of the 21st century.
- Increased sea surface temperatures.
- More intense hurricanes.

45 The country's tourism dependent economy is likely to get severely impacted by climate change. A GCF proposal estimated that 10% of major tourism related properties, 2% of road networks and 100% of seaports in Antigua and Barbuda are at risk from a 1-meter SLR. Together, SLR and coastal erosion could cost Antigua and Barbuda's economy between 62% and 209% of GDP by 2080 for the mid-range SLR and the high SLR respectively. Furthermore, drought costs the country almost 6 MW in additional electricity generated for the provision of water through desalination (GCF, 2017).

46 The country's high vulnerability was evidenced in **September 2017, as hurricanes Irma and Maria hit the islands**. Hurricane Irma was the strongest Atlantic basin hurricane recorded in history. Barbuda was particularly hard hit, as the eye of the hurricane passed directly over the island. Nearly 90% of the built environment was damaged and the island was regarded as uninhabitable forcing the evacuation of the population to Antigua until recovery could be completed. Almost all the structures on Barbuda were destroyed and the vegetation stripped. As Climate models are predicting an increase in intensity and frequency of hurricanes in the Caribbean region, they pose a major threat to the population and to the economy.

47 Increasing temperatures and changing rainwater patterns result in droughts and generate water shortages, thereby threatening the agriculture, natural water resources and health sectors (CARIBSAVE, 2015). In 2015, the country missed approximately a year's worth of rainfall, which resulted in a 32 month-long dry season (Adaptation Fund, 2017). The nation is strongly dependent on sea water desalination, which can account for 60% of national water supply, and up to 90% during the times of drought. To ensure water security, an uninterrupted and robust energy supply is critical to meet the daily water demand. Therefore, adaptation in the water sector is of national priority and an ongoing economic drain.

National climate change adaptation policies and regulations

48 National Medium-Term Development Strategy (2016 – 2020) outlines the country's development strategy, highlighting the climate change adaptation and disaster risk management. The strategy calls for the government to prepare a national comprehensive disaster mitigation plan, review government coordination arrangements and practices, prepare a national climate change policy, prepare a disaster risk financing strategy, develop a crop and livestock insurance scheme to protect farmers and ranchers, and incorporate mainstream climate change considerations into all national policy, strengthen ecosystem conservation, raise awareness and educate people about climate change, and strengthen governmental capacity.

49 National Adaptation Plan (NAP) is in the process of development. The Readiness Proposal submitted to the GCF refers to a focus on enhancing the country's adaptive capacity, strengthening resilience and reducing vulnerability to climate change. Technical studies will be conducted for 6 sectors to formulate priority actions for each of them and for NAP and develop climate sensitive regulations. The NAP will also aim to making financial flows consistent with the country's pathway towards a climate resilient development (GCF, 2017).

50 National Action Plan Combatting Desertification, Land Degradation & Drought (2015-2020) tackles desertification and drought issues and identifies areas on which preventive and adaptive action is to be performed in priority. It also identifies gaps in human and technological resources to undertake this action.

51 Intended Nationally Determined Contribution. (2015) INDC identifies the following sectoral priorities on adaptation and mitigation: (1) Urban development (2) Energy efficiency (3) Public health, food storage and emergency services (4) controlling carbon emissions (5) water resources (6) updating current policies and building codes.

52 Third National Communication (2015) assessed climate change vulnerabilities of various sectors through both an analytical assessment and stakeholder consultations. Agriculture, health and water sectors were identified as the most vulnerable to both storms and droughts. The document also pointed at the need for large scale capital investments into renewable energy projects.

53 Environmental Protection and Management Act (2019) lays down rules for a sustainable environmental protection and management of natural resources, control and mitigation of all forms of environmental degradation and maintenance of the quality of the environment. It allocates administrative responsibility and provides a framework financial mechanism to satisfy the requirements of the Act.

54 Sustainable Island Resource Management Zoning Plan for Antigua and Barbuda (including Redonda) (SIRMZP, 2011) - The primary goal of the SIRMZP is to present a forward-looking strategic, national spatial development framework that addresses current development issues, and provides a platform for feasible private and public sector development initiatives over 20 years.

55 National Poverty Reduction Strategy 2011 ? 2015 (NPRS): This strategy identifies social, macroeconomic and structural policies and programs to promote growth, reduce poverty and improve living conditions. It aims to reduce social vulnerabilities by increasing incomes and employment opportunities, increasing resilience of the most vulnerable, improving governance and public sector management as well as to build resilience through environmental sustainability.

International climate change adaptation baseline projects

56 The Reducing Risks to Human and Natural Assets Resulting from Climate Change: This USAID project assists Antigua & Barbuda in adapting to the impact of climate change through adaptation measures in the areas of coastal/marine zone management and freshwater resources management. These adaptation measures could be used as a starting point for activity 1.1.3.2.

57 An Integrated Approach to Physical Adaptation and Community Resilience in Antigua and Barbuda's Northwest McKinnon's Watershed: the project, funded by the Adaptation Fund, aims to help provide revolving loans for homes in McKinnon's watershed to meet new adaptation guidelines established in the building code and physical plan. The current proposal will analyse climate finance as well as innovative mechanisms to support the implementation of adaptation projects in the 3 selected cities. The results from this previous initiative could provide inputs to tool 4, unlocking climate finance.

58 Integrated Physical Adaptation and Community Resilience through an Enhanced Direct Access Pilot in the Public, Private, and Civil Society Sectors of Three Eastern Caribbean Small Island Developing States: This GCF project seeks to improve resilience to climate change of privately owned physical assets of vulnerable populations through concessional micro financing. A private sector Revolving Fund loan programme for adaptation in buildings is currently being piloted in Antigua and Barbuda. The project also seeks to scale up the initiative using the GCF capacity assessment checklists covering fiduciary standards, environmental and social safeguards, and gender criteria. Once evaluated, the project will finance adaptation in buildings and manage reflows into the Revolving Fund, which are revolved and re-disbursed to beneficiaries. This initiative should be considered as one of the financing sources available in Antigua and Barbuda and could thus support the formulation of tool 4 in this country.

CCA finance in Antigua and Barbuda

59 Antigua and Barbuda receives funding from various multilateral and bilateral development institutions. The Adaptation Fund (AF), the European Union (ECHO ? European Commission's

Humanitarian Aid and Civil Protection Department), GCF and GEF are among the most active multilateral institutions and AusAID, DFID and USAID among bilateral institutions. In addition, the Caribbean Catastrophe Risk Insurance Facility (CCRIF) and the Red Cross actively provide technical support.

60 The country has been very active in mobilising CCA finance. To do so, it has put in place required institutional structures and laws to access these funds. Importantly, the Environmental Protection and Management Act (2015) legislated a **Sustainable Island Resource Financing Fund (SIRF)** as the national fund for climate change adaptation projects. The SIRF Fund is expected to become the primary channel to attract and manage domestic and international climate finance. Through the SIRF, the country is piloting a programme that will mobilise private sector finance and extend credit to high-risk and low-income households to strengthen the resilience of their homes. This intervention may be an important example of how to catalyse private sector funding in a SIDS constrained by the size of its domestic market. The country's **Department of Environment** leads this effort. Since 2016, it has secured two readiness grants from the Green Climate Fund (GCF) and may in the near future become the first National Entity in the region to secure GCF accreditation (The Commonwealth of Nations, 2018).

61 The country's CCA financial needs are however far from being fully covered. Both the country's access to new DFI players and to innovative financial mechanisms could be explored. A number of barriers may need to be tackled to successfully enlarge the country's CCA finance pool. For example, the country is yet to establish a national system to track the impact of climate finance flows. There is no central monitoring against indicators that measures their effectiveness (UNFCCC, 2020).

62 Finally, Antigua and Barbuda's high vulnerability to climate change and a tourism dependent economy are likely to negatively impact any sovereign or sub-sovereign credit rating, which restricts access to debt and other investments since the risk of default on debt servicing is high. As a first step to improve the matter, the financial sector needs to be better informed of the climate change risks in the country. Financial players could possibly apply their own climate change strategies and tools, such as negative or positive lists and climate scenario and stress-testing, to identify less risky investments in the country (UNFCCC, 2020).

Pilot city: English Harbour Town

63 English Harbour Town is a small settlement on the South East coast of Antigua. It has a population of 759 (2001 census) people and possesses a natural deep-water harbour. Together with Falmouth, English Harbour serves as a special development settlement with a concentration of tourism, heritage, fishing, agricultural, residential, commercial, and recreational sectors. In particular, the tourism sector and yacht industry are strong economic drivers of the area.

64 The town is regarded as a top tourist destination. The Southeast of Antigua is however most vulnerable to drought and therefore water shortages. Furthermore, coastal flooding, water intrusion and sea-level rise are prominent concerns. Threats of hurricanes are similarly high. In 2010, the passage of Hurricane Earl caused tremendous damage to infrastructure and equipment of the local fisheries.

65 English Harbour Town is located within Nelson's Dockyard National Park and incorporates a World Heritage Site. Therefore, the land falls under the National Park Act and Regulations. The main objectives of the National Development Plan are to protect natural and historical features,

create unique tourist destinations, secure economic development, and improve the quality of existing residential environments.

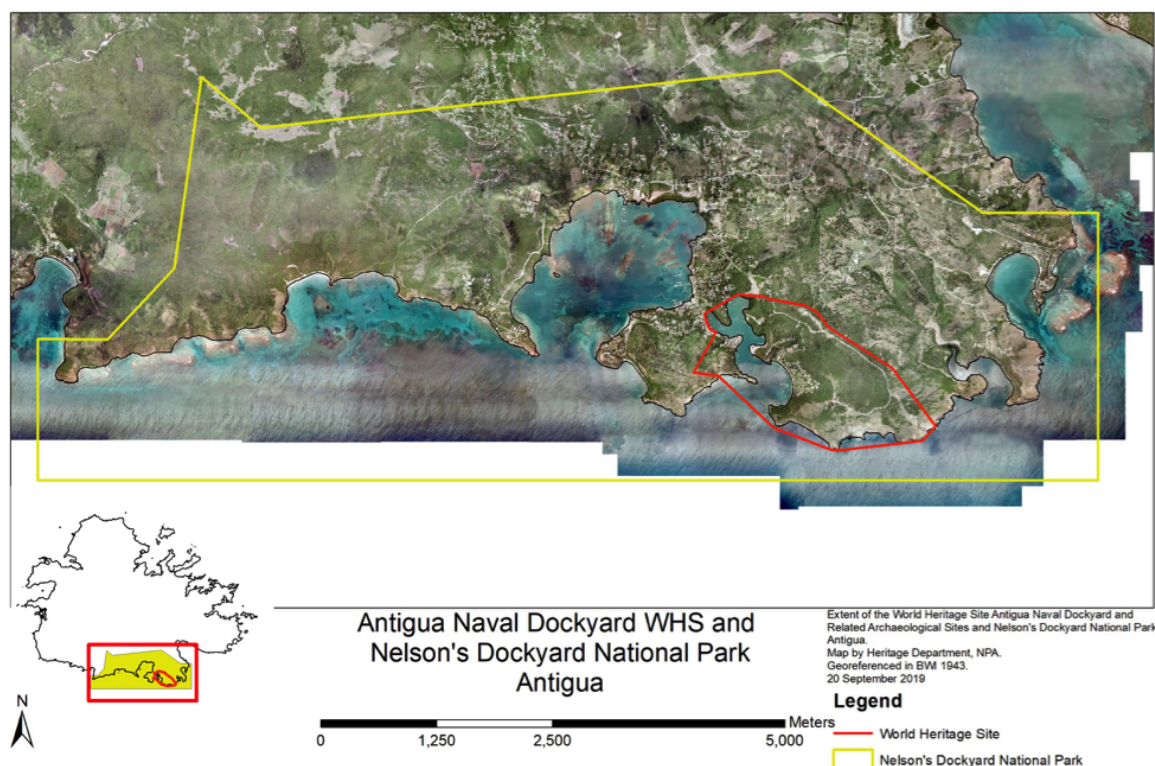


Figure 13: Location of Antigua Naval Dockyard WHS and Nelson's Dockyard National Park, Antigua. Source: Nelsons Dockyard Park Development Plan

66 The following policies and regulations related to the park zone can be referred to:

- Nelsons Dockyard National Park, Park Development Plan, Volume 1 (1985)
- Nelsons Dockyard National Park, Park Development Plan, Volume 2 (1985)
- The National Parks Act, Laws of Antigua and Barbuda (1984)
- The National Parks (General) Regulations, 2014
- The National Parks (Trading) Regulations, 2014
- The National Parks (Amendment) Act, 2004

Lao PDR

Overview

67 Lao People's Democratic Republic (Lao PDR) is a **small landlocked nation at the core of the Mekong region** sharing a border with Cambodia, China, Myanmar, Thailand and Vietnam. The total land area covers approximately 236,800 km², comprising a wide range of ecosystems within varying levels of elevation. Due to the mountainous topography, only 6.2% of the total land area is classified as arable land (CFE-DM, 2017). The Western part of the country is located along the Mekong river, which is central to agricultural production considering the fertility of the river valleys.

68 Lao PDR is part of the LDC, but its **economy is one of the fastest growing in Southeast Asia** with a sustained average annual growth rate of 8% over the last decade. The growth of GDP is mainly supported by the expanding sectors of electricity as well as wholesale and retail trade sectors, among others. With a predominantly rural population, agriculture however remain the primary source of livelihoods (Government of Lao PDR, 2018). Through its sustained growth, Lao PDR aims to quit the LDC status by 2024, and it already satisfies most of the eligibility criteria to be removed from the list.

69 Administratively, the country is divided into 3 tiers: the 16 provinces and the capital city of Vientiane are further divided into 142 districts, which comprise 11,390 villages. The 2015 census estimated the total population to 6.49 million people, 33% of whom reside in urban areas. The nation's population is relatively young, with 32% of the population of 14 years or younger. Only 4 percent of the total population is 65 years old and above (CFE-DM, 2017).

70 The urban system is classified into **3 categories of cities**: the capital, regional urban centers and smaller cities, which may be small-sized provincial capitals or district capitals. Medium size cities are essentially located along the Mekong River, whereas small cities tend to be spread across the country. Therefore, medium size cities are located on the international border with Thailand (with the exception of Luang Prabang) and are thus border towns.

71 The core problems in urban areas are **inadequate infrastructure, inefficient land use and urban management, inadequate access to urban resources**. Growing urban areas provide ways for expanding economies, as well as providing access to the national and regional markets.

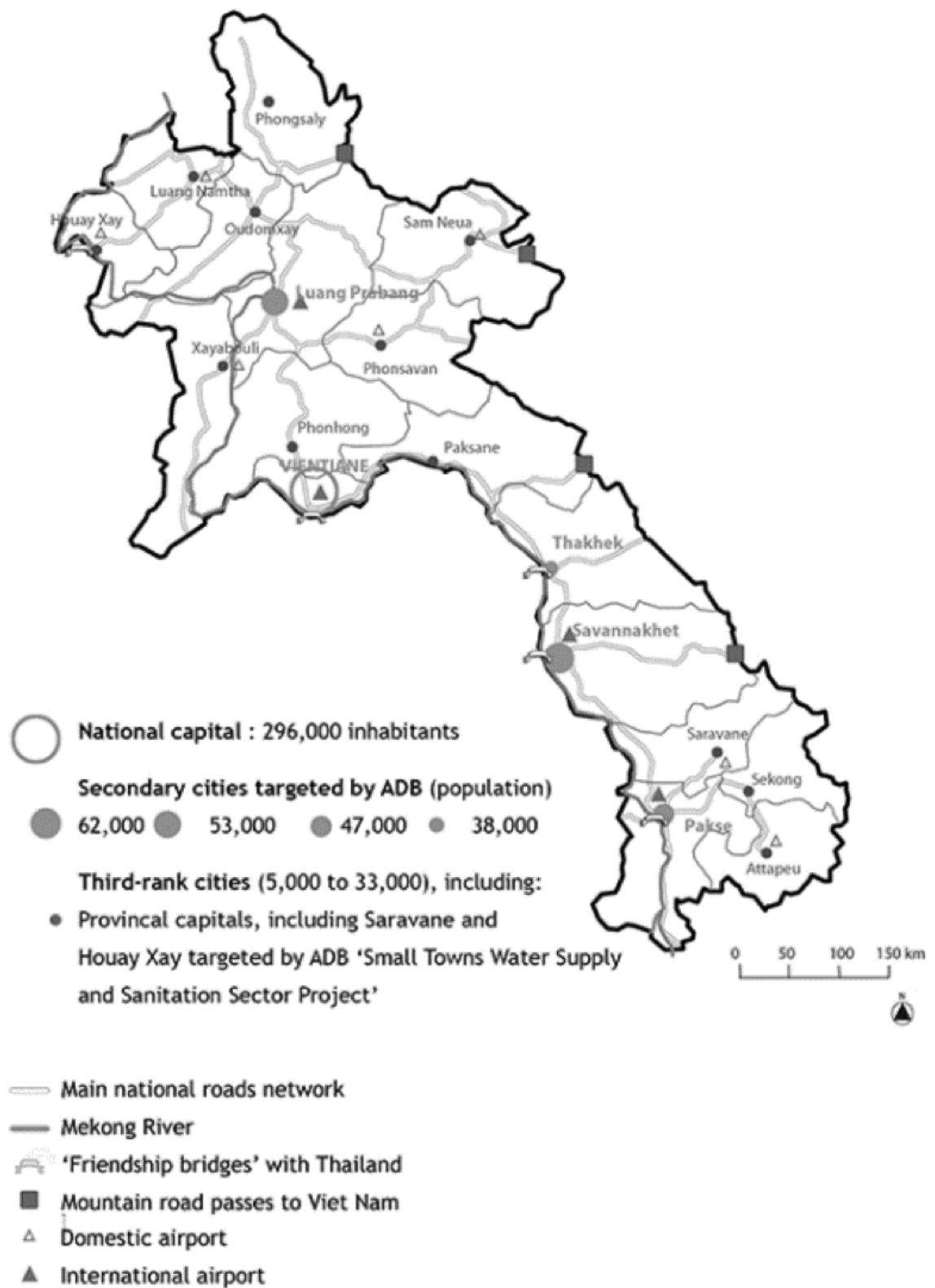


Figure 14: Urban hierarchy in Lao PDR. Source: Lain?, 2015

National climate vulnerabilities and risks

Existing climate vulnerabilities

72 Lao PDR is exposed to high climate and disaster risks. Droughts, floods and storms are the most prevalent hazards, and are expected to become more severe with climate change. The dry season in Lao PDR is getting longer, droughts are becoming more frequent and prolonged, and the occurrence of unusual and intense flood events is increasing. According to the Global Climate Risk Index 2019, Lao PDR ranks the world's 89th most vulnerable country to climate change sensitivity (UNDRR, 2019). It is based on 50 indicators assessing hazards, vulnerability and capacity.

73 Three of the five costliest natural disasters have hit the country since 2009, including two floods in 2013. The 2015/16 El Niño, one of the strongest storms on record, impacted the country through lower yields, reduced hydropower production and infrastructure damages (GFDRR, 2019). The country report 2019 through a KOICA ESCAP Fellowship Program, the following table describes disaster trends and climate hazard in 2008-2016:

Disaster Types	Year	Provinces	People affected	Killed	Damaged Cost USD
Flood	2008	13	243,342	13	17,157,224
Typhoon Ketsana	2009	5	271,943	28	58,000,000
Ts Haima and Ts Nokten	2011	12	429,954	42	220,568,382
Flood	2013	12	353,966	25	280,375,000
Flood	2014	4	15,308	1	
Flood	2015	4	37,815	0	7,434,604
<u>Drought</u>	2016	1	NA	0	126200

Figure 15: Disaster Trends and Climate Hazard from 2008-2016, Lao PDR. Source: GFDRR, 2019

74 In 2018, the country was affected by 2 consecutive disasters: The storm Son-Tinh, which breached Xe pien-Xe Nam Noy hydropower saddle dam causing flash flooding and storm Bebinca in August. Over 600,000 people in 90 districts were affected by these events, and the economic damages and losses reached USD 371.1 million. The dam breach in Attapeu province alone caused almost 10 % of the total economic impact (Government of Lao PDR, 2018).

75 In October 2019, nearly 765,000 people were badly affected and 19 were killed by **Tropical Storm Podul** and **Tropical Depression Kajiki**. As many as 97 bridges, 747 schools, 43 health centers and hospitals, 462 road places, 275,114 livestock and poultry were affected by the related floods. Total damage was estimated to cost USD 164 million (OCHA, 2019). In October 2020, **tropical storm Saudel** traversed through the Philippines and the East Sea, which affected 163 villages in the three provinces, with an estimated 10,637 households (69,764 people) (OCHA, 2020).

76 These events have significant impacts on the agricultural sector, a critical part of the economy, representing nearly 7% of the GDP and 64% of the employment. (GFDRR, 2019) Over 75% of the population in Lao PDR is dependent on natural resources for their livelihood and is therefore vulnerable to the climatic changes.

77 Floods and droughts historically have significantly impacted Lao PDR's agriculture, forestry, water resources, health and economic growth. As such, these sectors have also been identified as priority areas for adaptation. Additional concerns are lack of capacity and knowledge with respect to climate modelling, lack of scientific data on climate effects and potential impacts, low levels of public awareness and weak institutional setup that acts as a barrier to adaptation. **Financial and institutional capacity constraints** are highlighted as major barriers to climate change action.

Future climate risks

78 The **estimated projection for temperature rise is of 1 to 2 ° degrees, and precipitation is likely to increase by 10 to 30% by 2050**. Annual rainfall has been estimated to increase by 7% in the region, and the frequency and intensity of weather extremes are projected to grow as well. (Government of Lao PDR, 2018). While Lao PDR has an abundance of water resources, there is an increasing demand for water supply. There are already parts of the country (particularly in the Southern plains) where surface water cannot meet the needs for irrigation, and any discontinuities in the natural hydrological cycle are likely to pose severe threats to communities and the agriculture industry as a result of climate change in the future (UNDRR, 2019).

79 Another major challenge amplifying climate related risks is an encroachment and degradation pressure on forests and natural resources. Expanding agricultural frontiers, illegal hunting, illegal logging, over harvesting, over allocations of hydropower and mining projects, and mono crop plantations such as rubber and eucalyptus trees are also the driving factors of climate change effects.

Climate risks and cities

80 An assessment of UNDRR concluded that the Southern and North-eastern parts of the country are assumed to be the most vulnerable to climate change related disasters (UNDRR, 2019). **Most cities in Lao PDR are located in river flood plains and are prone to extreme weather events**. They are therefore highly exposed to risks of human losses, infrastructural damages and spread of diseases such as malaria, dengue and water borne diseases, due to flood water accumulation.

81 According to a report by MoNRE and the UN World Food Programme (UN-WFP), the areas along the Mekong river, and specially Khammuane and Savannakhet, are highly prone to floods and storms, especially the low-lying Mekong river basin. Droughts, on the other hand, occur predominantly in Northern and Eastern parts (MoNRE and UN-WFP, 2016). Some of the most

flood generated damages are infrastructure damages to buildings and roads, affected water and electricity infrastructure, affected shops and businesses. Women and children living in informal settlements are identified to be particularly vulnerable to climate related disasters.

82 A CTCN assessment of 6 cities - Luang Prabang, Kaysone Phomvihane, Paksan, Pakse, Thakek and Vientiane, demonstrated that water-borne diseases such as dengue were wide spreading across all the cities. While falling of electricity polls, damages to roads and houses were identified as the most common, the largest share of damages was concentrated in the cities of Paksan and Vientiane. The World Bank, on the other hand, estimated that flood related damages in Muang Xay could reach 11 million USD if no flood risk management is undertaken (World Bank, 2017).

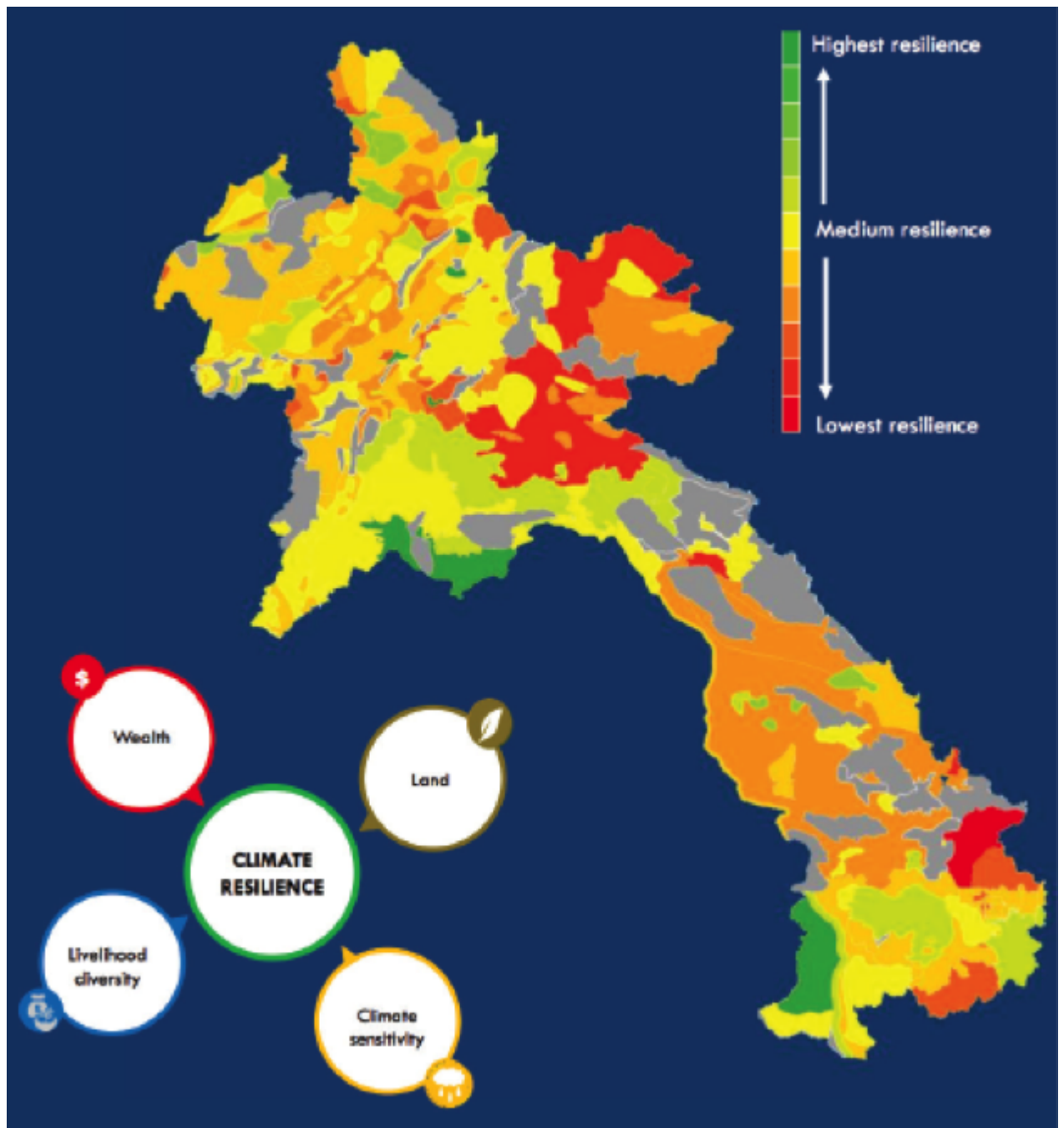


Figure 16: Resilience levels in Lao PDR. Source: UNDRR, 2019

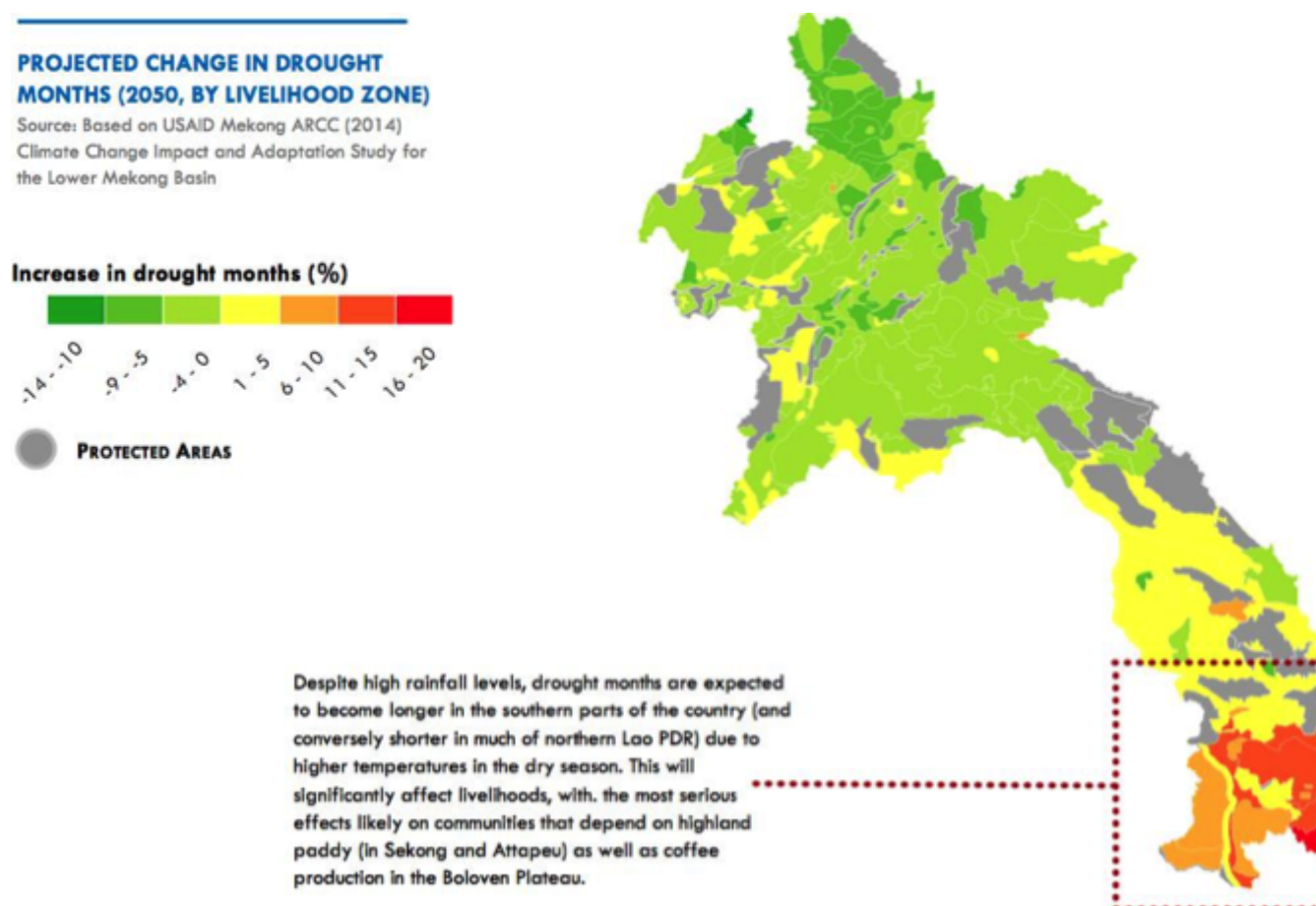


Figure 17: Vulnerability to drought in Lao PDR. Source: Laos Maps, 2020

National climate change adaptation action

National strategies and programs

83 To tackle the emerging threats of climate change, the government has incorporated disaster and climate risk management into policies, institutions and national development plans to enhance resilience of various sectors, including in agriculture and environment, housing and transport (GFDRR, 2019), and has strived to mainstream elements of disaster risk reduction and climate change adaptation activities across national development activities.

84 With support from GFDRR, the government integrated climate risks and measures into its main planning documents, including a scaled-up focus on disaster risk management (DRM) in the **Eighth National Socio-Economic Development Plan (2016?20)**. Key sectoral policies and

strategies in agriculture, environment, housing and transport have integrated climate and disaster risk considerations. (GFDRR, 2019)

85 National Adaptation Program of Action (NAPA) (2009) presents a comprehensive overview of existing environmental, economic and social conditions, current and predicted climate change impacts, as well as the overall framework for the NAPA process. The report includes the identification of immediate and urgent needs for climate change adaptation and the barriers preventing implementation. The barriers identified include limited coordination and cooperation among sectors, weak institutional structure, low levels of public awareness on climate change matters, and limited budget available to implement the priority adaptation activities.

86 The National Strategy on Climate Change (NSCC) (2010) outlines the country's key climate change adaptation and mitigation strategies. NAPA is the central component of the NSCC. The goal of the NSCC was to ensure that climate change was streamlined into Lao's 7th National Socio-Economic Development Plan (2011-2015). This strategy was developed by the MONRE in collaboration with relevant ministries and endorsed by the Prime Minister's Office in 2010. The strategy's overall objective is to leverage the country's sustainable development and implement commitments to the UNFCCC while promotes sustainable economic development, reducing poverty and enhancing the quality of the country's natural environment and livelihoods. The strategy also identifies specific adaptation and mitigation measures in 7 key sectors, namely (1) agriculture and food security; (2) forestry and land use change; (3) water resources; (4) energy and transport; (5) industry; (6) **urban development**; and (7) public health.

87 Climate Change Action Plan of Lao PDR for 2013-2020 developed climate change action plans for the period 2013-2020 to define mitigation and adaptation actions in the sectors of agriculture, forestry and land-use change, water resources, energy, transportation, industry and public health.

88 The Third National Communication on Climate Change is expected to be completed by 2019. The Initial National Communication (INC) was completed in 2000 and the Second National Communication in 2013.

89 8th National Socio-Economic Development Plan (NSED) (2010-2025) aims to a sustainable economic development preserving natural resources and protecting the environment. Climate change priorities of the NSED include enhancing the ability to adapt and prepare for climate change by integrating climate change risk mitigation into sectoral strategic and operational plans. The NSED also **stresses the importance of urban planning**, town development, and urban management to improve the economic role of small towns.

90 The Initial Concept of the **9th NSED (2021-2025)** has also been prepared and is under review.

91 The NAPA, NSCC and current development plans have greatly strengthened the policy framework for climate change in Lao PDR and built climate awareness amongst the senior officials of the government. Despite this progress, a weak institutional setup is still a significant barrier to CCA. Particularly, a lack of coordination between the UNFCCC National Focal Point, the Water Resource and Environment Administration and other Ministries limits integration of climate change adaptation policies into sectoral strategies. **Lao PDR Country Strategic Plan (2017-2021)** includes building resilience of urban populations with ecosystem-based solutions.

International climate change adaptation baseline projects

92 Building Resilience of Urban Populations with Ecosystem based Solutions in Lao PDR?

This US\$ 11.5 million project of which US\$ 10 million requested from GCF, aims to improve urban flood management by mainstreaming integrated flood management strategies in the planning framework. The project applies an ecosystem-based adaptation (EBA) and an integrated planning approach. Its activities include technical and institutional capacity building to plan, design, implement and maintain integrated urban EBA interventions. This project is highly relevant to the current proposal as it take place in Lao PDR, has been implemented recently and aims at building resilience of urban population with adaptation measures. Thus, this project could help identifying concrete adaptation measures that have been initiated, implemented or planned and provide inputs to activity 1.13.2, Implementing Tool 1 of the toolkit.

93 Building Climate and Disaster Resilience Capacities of Vulnerable Small Towns in Lao PDR ?

This USD 5.5 million project funded by the Adaptation Fund aims to improve resilience in small towns along the east-west economic corridor of Savannakhet province, in the central region. Launched in June 2020, it targets local, regional and national governments. It aims to lead to the development of two town level master plans integrating climate change adaptation into socially inclusive infrastructure and benefit 57,000 people. The approach consists in forming an action plan based on a rapid vulnerability assessment plan, to support multi-stakeholder inputs and to include capacity building for local authorities. The project is implemented by UN-Habitat, the Ministry of Public Works and Transport and the Ministry of Natural Resources and Environment along with their respective departments in Savannakhet, and provincial authorities [UN Habitat, 2020]. This project is also relevant because it is developed in Lao, in the selected city, Savannakhet, by UN Habitat which is an executing agency for the current proposal. It is a recent project, implemented at small town levels to build climate and disaster resilience with the objective to develop master plans integrating CCA. Thus, this project could support the development of outcome 1.1 of the following proposal.

94 Ecosystem and Urban Adaptation in Lao PDR, 2016 ? ??The project was executed under MoNRE between 2016 and 2020. It aimed to invest in restoration and management of ecosystems surrounding urban areas and promote ecosystem-based adaptation as an inclusive and cost-effective adaptation strategy. It also included investing into city level planning, building codes and green infrastructure. This project is relevant to the current proposal as it provides cost-effective adaptation and city level planning insights in Lao PDR.

95 Cities and Climate Change Initiative (CCCI) - The UN?Habitat Asia?Pacific Strategy 2011?2015 identified 3 key objectives for the CCCI program: build the capacities of at least 50 cities in at least 15 countries in preparing and implementing comprehensive climate change strategies and action plans; **integrate good climate responsive urban development practices into national policies**, strategies and legislative reforms; establish the CCCI Regional Partner?s Advocacy knowledge management, capacity building and networking platform. In Lao PDR, the city of Pakse, located at the confluence of the Mekong and the Xe Don rivers in Southern Lao PDR, is the pilot city of the project (UN HABITAT, 2014). This project should be analysed for its objective to disseminate and build the capacities of cities in cities of Asia Pacific. The current proposal also aims at disseminated knowledge in all 3 regions, and this project could provide relevant lessons learnt and best practices to be replicated for activities 1.1.4 and 3.1.3.

CCA finance in Lao PDR

96 Donor and NGO support In Lao PDR is an essential source of both CCA finance and CCA technical expertise. The GCF and the GEF have granted a number of projects to the country. UNDP is the implementing agency for most of them. Support to mainstreaming CCA into national

institutional and policy work has been actively provided to the country. Other multilateral funds and agencies include the Adaptation fund (UN-Habitat ? implementing agency), the ADB, GFDRR, LDCF, UNICEF, UN OCHA, WFP, World Bank and bilateral agencies include AusAID, Australian Department of Foreign Affairs and Trade (DFAT), Danish International Development Agency (DANIDA), Disaster Preparedness European Community Humanitarian Office (DIPECHO) and bilateral partnerships with neighboring countries especially with Thailand and Vietnam on trans-boundary risk management, emergency response and weather forecast.

Pilot city: Savannakhet (Kaysone Phomvihane)

City Overview

97 The town of Savannakhet, **officially known as Kaysone Phomvihane** (previously also known as Khanthabouli) is located in the Western region of the Savannakhet province along the Mekong River, which marks a natural border with Thailand. Kaysone Phomvihane city hosts a population of 131,749 inhabitants (2019). The town was developed as the administrative and commercial center of Southern Laos during the French colonial period. Its strategic location along the East West Economic Corridor (EWEC) as an inter-corridor link and a border town, makes its population as well as economic and commercial activities to grow (ADB, 2012).

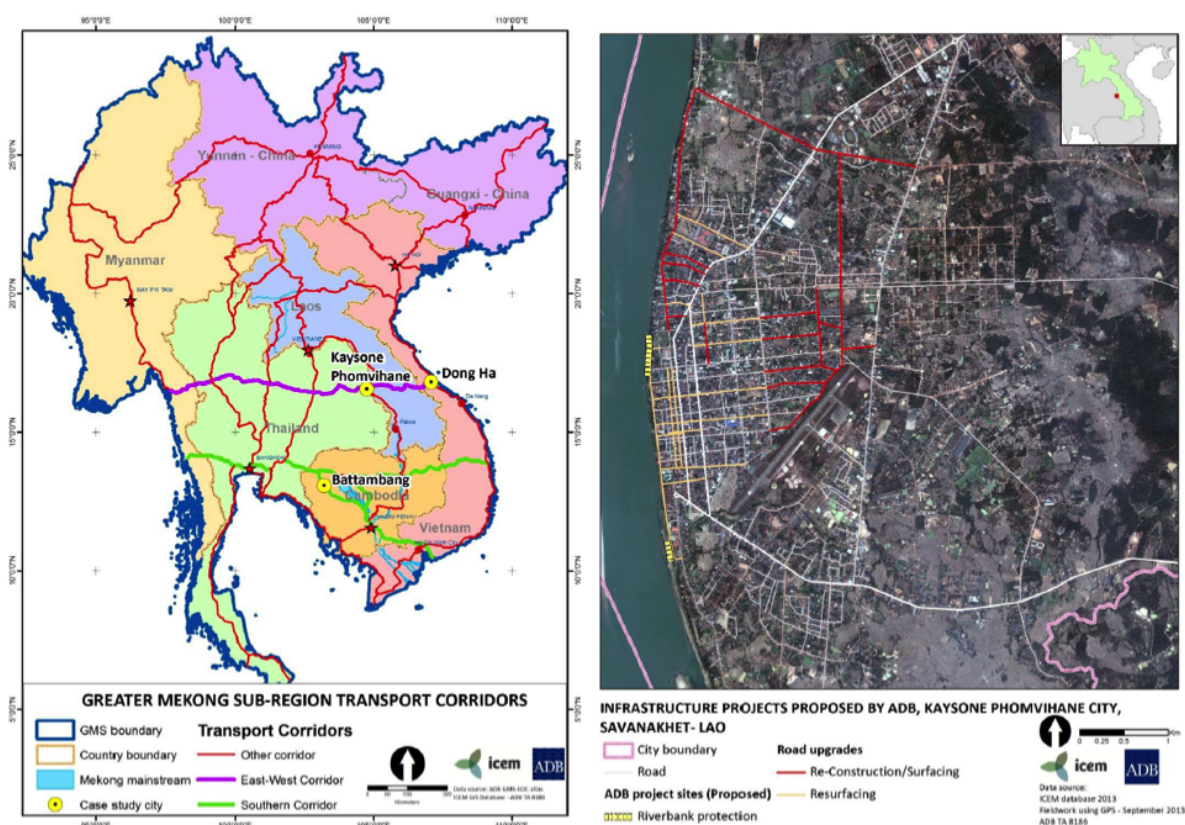


Figure 18: Location and map of Kaysone Phomvihane. Source: ADB

City climate vulnerabilities and risks

98 Kaysone Phomvihane is located in an area of higher elevation and its exposure to climate-related hazards is less severe than in some other districts in Savannakhet. However, **climate**

change effects are noticeable in the city with the annual average temperature increased by 1.4°C in the last 30 years, resulting in record temperatures peaks at 42°C (Adaptation Fund, 2018). The town's location on the banks of the Mekong river makes it **vulnerable to flooding during intense rainfalls** (ICEM, 2015). This is worsened by tropical storms that heavily inundate the territory. In addition, the city center – where major residential houses and commercial establishments are located – is relatively flat and the capacity of the drainage system in the town is limited. The design and maintenance of this system fails to support instantaneous runoff of heavy tropical rains. Land cover change in favor of built-up areas, hard paving, infrastructure and buildings that encroach on natural drainage lines further exacerbate flooding. Wetlands, natural streams and green ecosystems play a vital role in reducing floods in cities. For example, intact natural vegetation reduces the velocity of flash floods, protects riverbanks from erosion and reduces sedimentation. However, these ecosystems are frequently lost to abrupt urban development, thereby increasing the flood risk. Flooding, in turn, severely disrupts economic and social activities (Adaptation Fund, 2018).

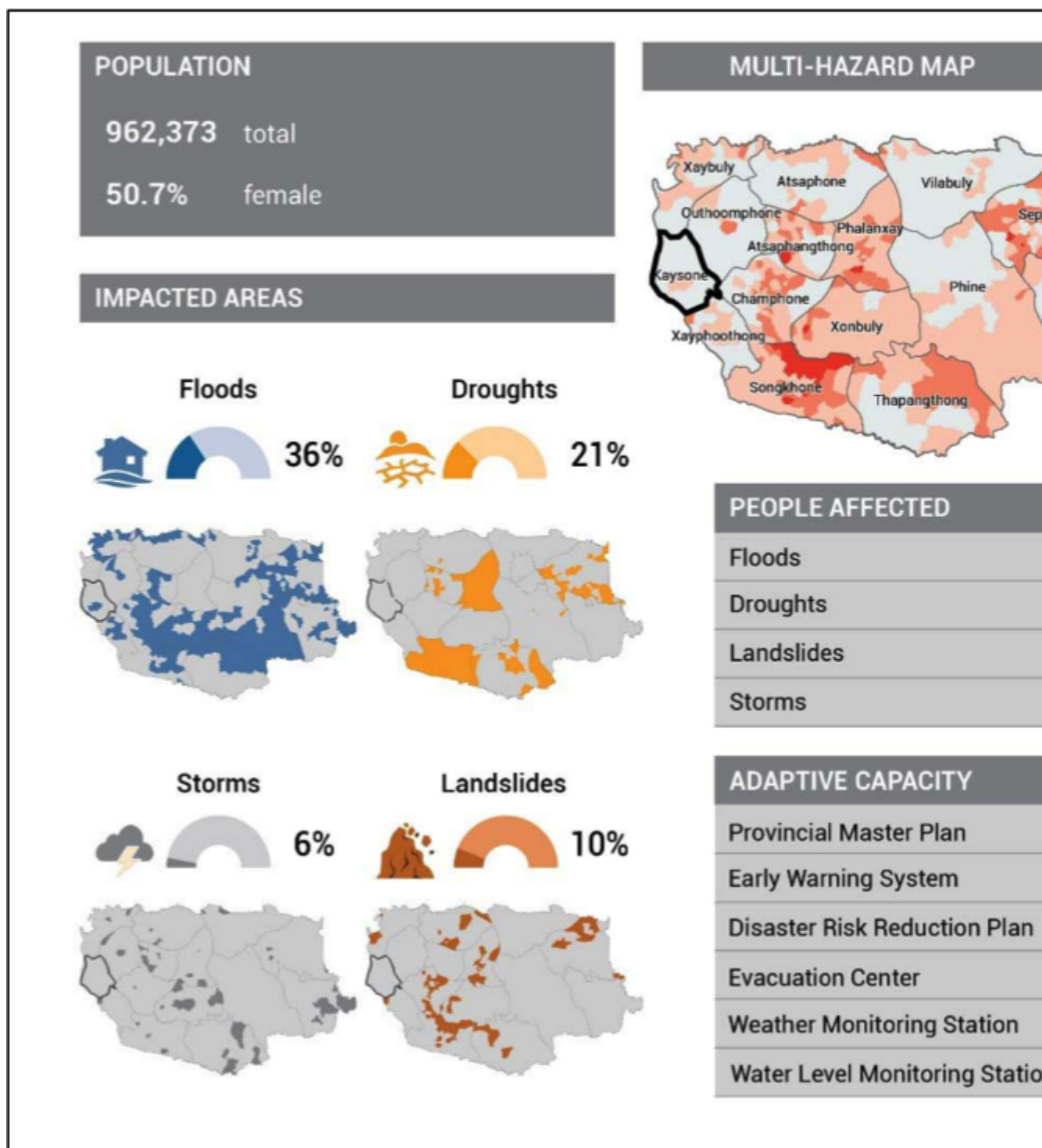


Figure 19: Results of a national vulnerability assessment in Savannakhet province. Source: UN Habitat

99 Due to rural-urban migration, the growth rates of these cities are higher than the national average, including Savannakhet town receives an important number of rural-to-urban migrants, which puts pressure on the existing infrastructure while institutional capacity to cope and adapt needs further improvement. As a result, the city develops in a semi-planned manner and does not get to adequately integrate climate resilience into this development (GCF, 2019). With flooded areas projected to extent by 2050, the city highly requires timely CCA action.

100 The Climate Disclosure Project requests cities to provide updated information on their climate vulnerabilities and activities undertaken to address them by filling in CDP Cities Questionnaires. The latter are a valuable source of information since filled directly by municipal governments. In 2019, over 800 cities responded to the CDP's Cities Questionnaire, including Kaysone Phomvihane city. Selected responses from the city were particularly helpful in understanding the city's own perspective on challenges it considers as priority challenges.

101 Those the city quoted were:

102 Heavy rainfalls and rainstorms during the monsoon season significantly impact the city. In particular, the city expressed a health vulnerability concern: vector borne diseases such as malaria, dengue, lyme disease, tick borne encephalitis, water borne diseases tend to proliferate during this time of the year. This often leads to a disruption of health services provision. Water provision, sanitation and wastewater services get heavily affected too. Women and children are particularly vulnerable to health and other climate related events.

103 The city lacks a robust climate informed surveillance, preparedness early warning systems and response.

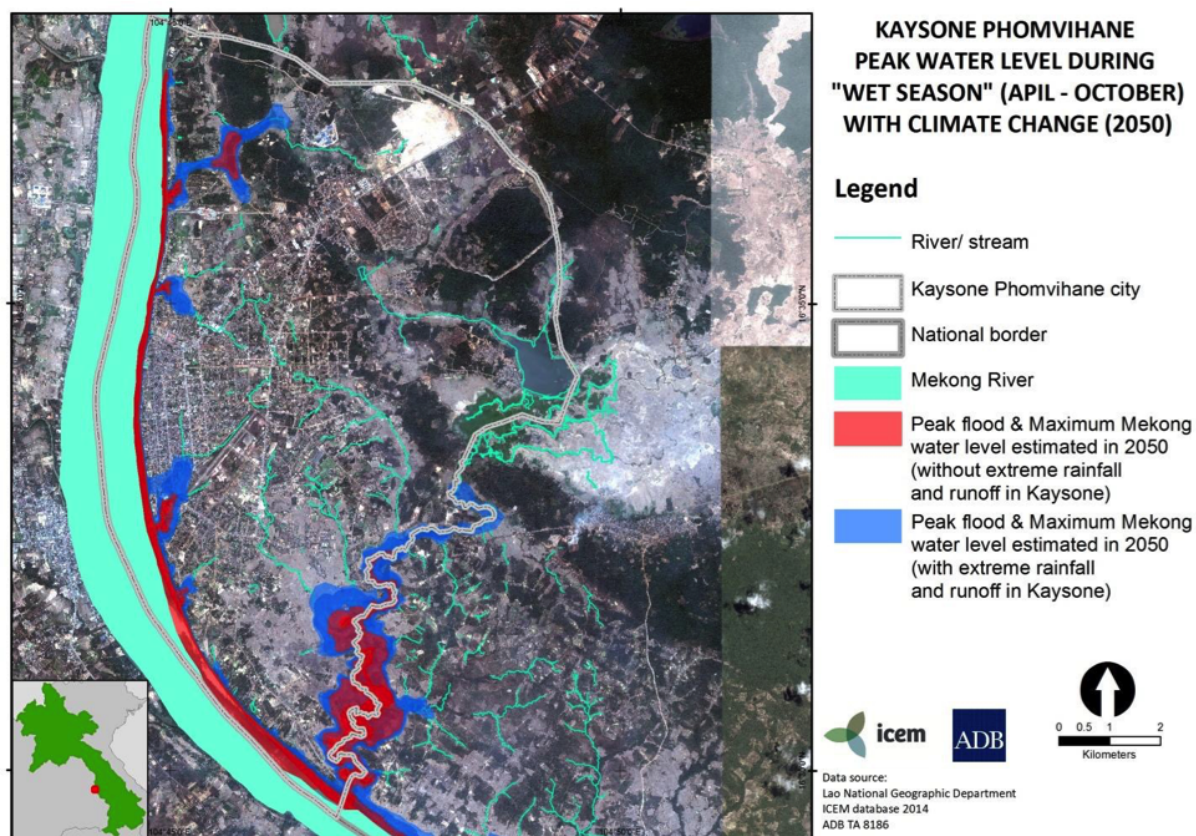


Figure 20: Kaysone Phomvihane town - projected flooded areas extension due to climate change by 2050.
Source: ADB

City climate change adaptation action

104 City climate vulnerability assessment and identification of ecosystem-based adaptation interventions ? Lao PDR - Kaysone Phomvihane (Savannakhet was one of the 6 selected cities for the project). The aim of the project was to utilise green infrastructure elements as tools to create climate resilience in urban and peri urban areas, especially to cope with the impacts of floods (CTCN, 2017).

105 The **Kaysone Phomvihane Master Plan** is being updated to include climate change considerations.

106 Building resilience of urban populations with ecosystem-based solutions in Lao PDR (2019) - Savannakhet was one of the 4 cities selected by the Project Steering Committee (co-chaired by MoNRE and UNEP). It aims to shift the paradigm of urban flood management in Laos from a structural solutions approach towards an integrated non-structural and structural solutions approach that enhances climate resilience.

CCA finance in Savannakhet

107 Cities' accessibility to DFI CCA finance in Lao PDR is relatively favourable. The Mekong river areas are highly vulnerable to climate change and many country's cities are located in these areas. Most CCA finance schemes in Lao PDR hence target them. According to the CDP Questionnaire 2020, various multilateral agencies are present in the city such as the ADB, GEF, Nordic Development fund or UNDP.

108 At the same time, the city of Savannakhet faces a number of barriers preventing it from accessing CCA finance. In particular, the city is yet to mainstream climate change adaptation into its Master Plan; it lacks a local level institution in charge of climate adaptation mainstreaming and actions, and its officials have benefitted from little climate adaptation and finance related capacity building.

109 In the CDP Questionnaire 2020, the city indicated that insufficient infrastructural capacity is a major challenge. The existing infrastructure was put in place long ago, which means it is aged and does not include climate resilience provisions. On the other hand, the city highlighted that it has a good political and administrative stability, which is an asset to effectively mainstream climate change into its socio-economic development.

Mozambique

Overview

110 Geographically, the Republic of Mozambique is located on the Eastern coast of Southern Africa. It has a tropical to sub-tropical climate moderated by the influence of mountainous topography in the Northwest of the country. Owing 2,770 km of the coastline, Mozambique is the third longest country on the African continent. The coastline is home to 60 % of the population and hosts vital natural ecosystems, such as mangroves, reefs, bays and dunes. The population of Mozambique is 30.7 million (The World Bank, 2019). **Nearly 33% of the population lives in urban areas.** The population distribution is irregular across the country with the Northwest and Southwest areas being the least populated and mostly concentrated in 3 areas:

- Along the Southern coast between Maputo and Inhambane;

- In the central area between Beira and Chimoio along the Zambezi river; and
- In and around the Northern cities of Nampula, Cidade de Nacala, and Pemba.

111 Mozambique is one of world's 10 poorest countries, listed as an LDC by the UN with a lower middle income poverty rate of 82%. Agriculture, forestry and fishing represent nearly 20% of the GDP, followed by 15% of industry and nearly 50% of services. In 2019, 71% of the country's total workforce was employed in the agricultural sector. While the economy registered its first contraction in 2020 in nearly three decades, growth is expected to rebound over the medium-term, reaching about 4% by 2022 (World Bank, 2021).

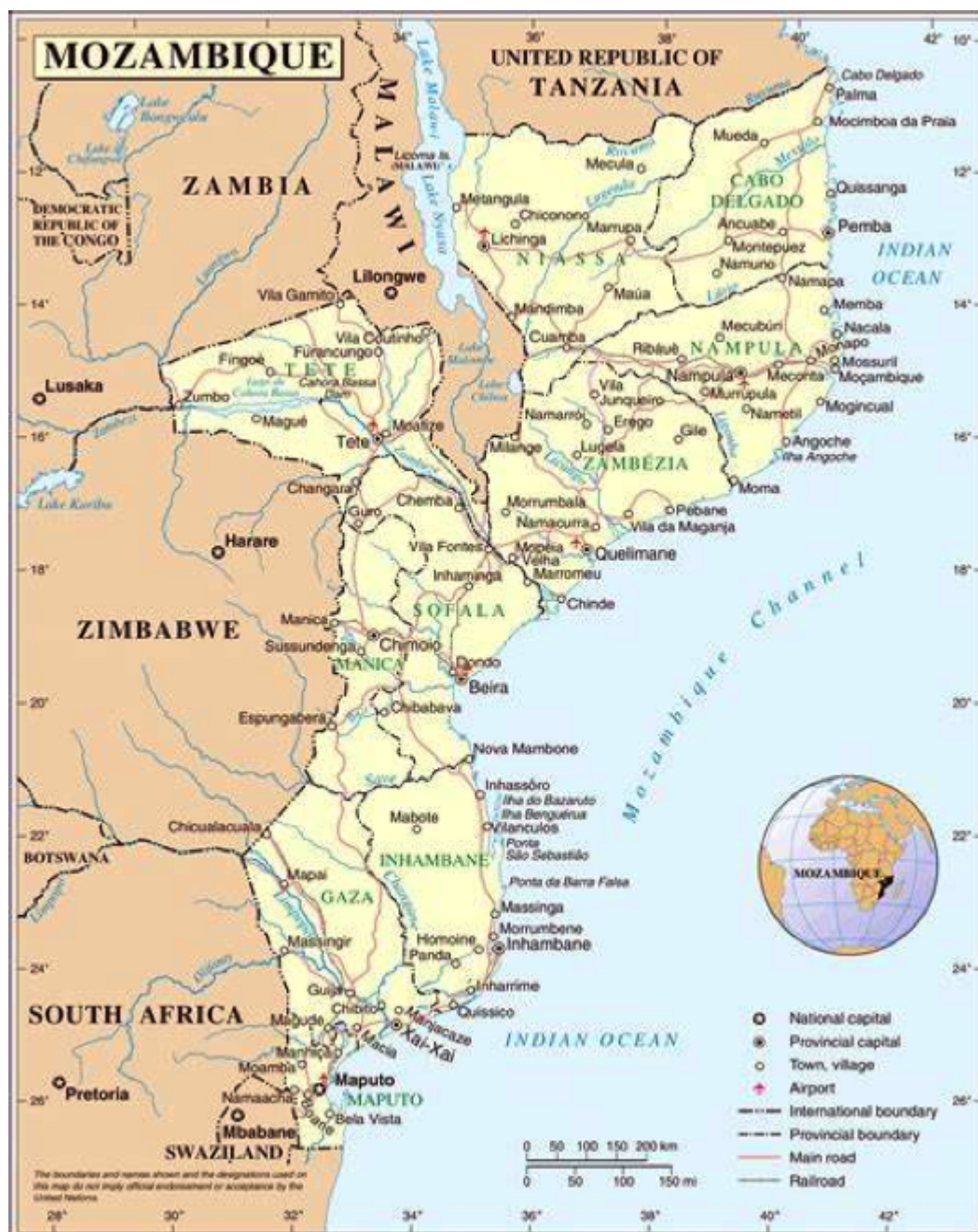


Figure 21: Location Map of Mozambique. Source: Nations online project

National climate vulnerabilities and risks

Existing climate vulnerabilities

112 Mozambique is highly vulnerable to climate induced disasters. Floods, tropical cyclones and droughts occur frequently. In 2016, the worst drought in 35 years associated with El Niño/Southern Oscillation caused severe crop failure and livestock deaths. On an average, Mozambique is hit by one tropical storm or cyclone and by 3 or 4 tropical disturbances a year. The tropical cyclone Dineo, which hit Mozambique in February 2017, affected approximately 550,000 people and fully destroyed over 33,000 homes. In 2019, two major cyclones hit the country: cyclone Idai killed over 600 people and left an estimated 1.85 million people in vulnerable conditions. Cyclone Kenneth was the strongest tropical cyclone ever to hit the African continent and left approximately 374,000 people homeless. Together, the two cyclones caused an estimated USD 3 billion in damage (GEF, UNEP, UNDP, 2020). Finally, the tropical cyclone Eloise hit the country in January 2021 and affected an estimated number of 250,000 people.

113 Overflowing of the 9 country's major river systems during the rainy season causes regular floods with major floods occurring every 2 to 3 years. In terms of vulnerability, according to the Index for Risk Management (INFORM) for 2018, out of 191 countries, Mozambique ranks as the 10th world's country most vulnerable to disaster risk.

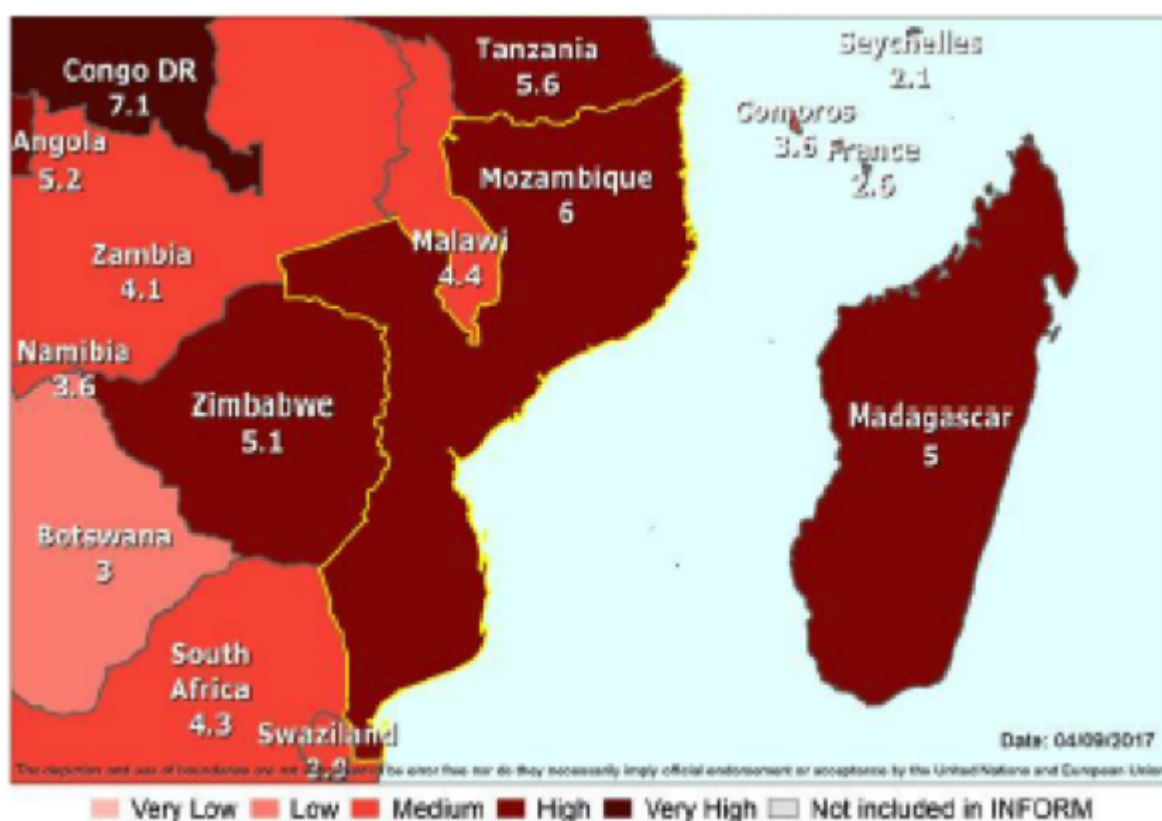


Figure 22: Occurrence of disasters and affected people in Mozambique (1956-2016). Source: World Bank with data from EM-DAT

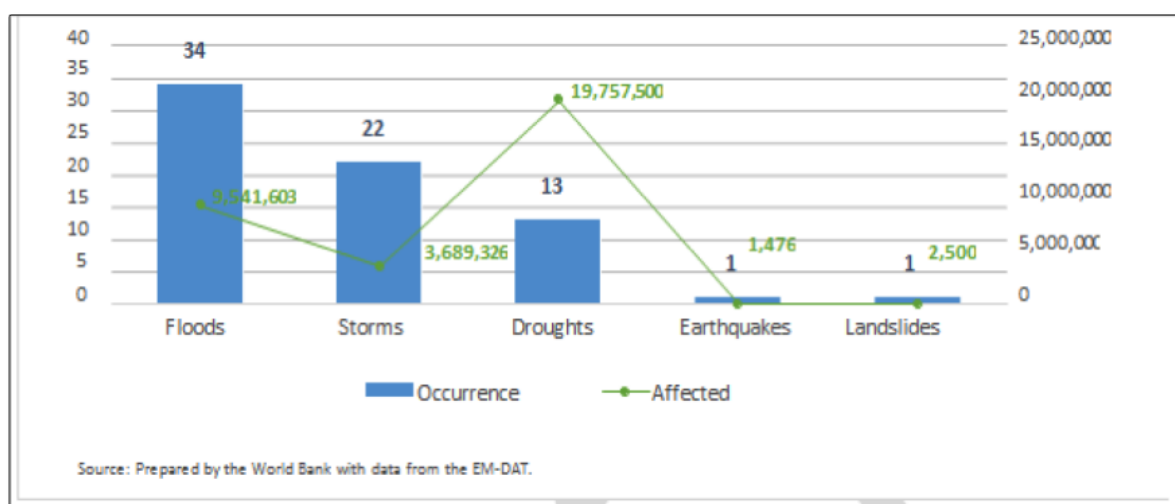


Figure 23: Vulnerability map of Mozambique according to INFORM 2018 risk index. Source: The World Bank

Future climate risks

114 The mean annual temperature is projected to increase by 1.0 to 2.8°C by the 2060s, and 1.4 to 4.6°C by the 2090s compared to mean temperature observed over 1970-1990. Climate projections indicate that 'hot' days will occur on 17-35% of days by the 2060s, and 20-53% of days by the 2090s. The number of heavy rainfall events is projected to increase by 2060, particularly during the dry season. Sea level rise in the region is expected to range from 0.18-0.59m by the 2090s; however, it is also projected that sea levels may increase beyond this range. With a 2,740km coastline, and more than 60% of its population living in low-lying areas, the country is likely to become more vulnerable than today unless robust CCA action is timely undertaken.

115 In the worst case, the total annual damage costs are estimated to reach USD 103 million per year in the 2040s, with the forced migration being a large contributor to that cost. Climate change may cause the GDP to fall between 4 and 14%, with significant declines in national welfare by 2050. In the worst-case scenario, climate change costs could reach USD7.6 billion dollars if no adaptation measures are implemented (Irish Aid, 2018)

Climate risk in cities of Mozambique and CCA finance in Mozambique

116 Little information on climate vulnerabilities in cities of Mozambique is publicly available in English. The section below was developed based on information provided by UN Habitat through a country questionnaire.

117 Mozambican large cities face considerable climate threats, including rising sea levels, storms, heat waves and landslides. Major municipalities of Mozambique such as Beira, Maputo, Nampula, and Quelimane are located in coastal areas, thus particularly exposed to floods and cyclones. Informal settlements and poor citizens are at most risk in these cities. Mainstreaming climate adaptation into urban spatial and development plans is a major challenge due to an insufficient availability of resources and of technical capacities to implement climate adaptation measures included into national strategies and policies.

118 Addressing Mozambican cities' climate vulnerabilities requires high capital costs. UN Habitat recommends that city-specific mitigation and adaptation funds are created and FDI along

with the national government elaborate ways of directly working with cities and allow city-designated authorities to endorse funding applications directly.

119 In terms of access to CCA finance, the country received funds from DFI such as the Adaptation Fund of the GEF. Cities face difficulties in accessing financing windows without assistance by development partners. Technical capacity is one of the biggest challenges. Most funding targets bigger cities. Small and medium size cities are hardly supported by the FDI in Mozambique.

120 In order to improve their access, UN Habitat identified the following action points: build institutional capacity; raise and collect own-source revenues; introduce new mechanisms including tax and investment incentives to allow cities to capture and use increasing land values, establish national green funds targeting cities, increase municipal borrowing limits, and provide technical assistance.

National climate change adaptation action

121 Aware of its high climate vulnerability, the country set up a number of national strategies, plans and took a number of international commitments to tackle this risk:

122 The **National Climate Change Adaptation and Mitigation Strategy for 2013-2025**: Formulated in 2012, it aims to reduce vulnerability to climate change and improve the living conditions of the Mozambican people. It proposes climate change adaptation and disaster risk reduction measures and targets low carbon development. The strategy promotes creation of local adaptation plans, climate sensitive land-use planning, raising public awareness, establishing a climate change knowledge center and developing climate change indicators for a monitoring and evaluation framework (UNDP, 2017). Local Adaptation Plans are to be done at a district level, which puts local communities at the heart of adaptation planning.

123 The **Government Five Year Plan (PQG 2029-2024)** is the core national planning instrument to which national development strategies are aligned. It is important to highlight that neither this document nor the National Climate Change Strategy include CCA targets at the city level.

124 **National Disaster Risk Reduction Master Plan 2017-2030** (Plano Director para a Redu??o do Risco de Desastres 2017-2030 - PDRRD) is the overarching programmatic framework for disaster risk management (DRM) in Mozambique. Adopted in October 2017, it aims to reduce disaster risk as well as associated losses of human lives, impacts on livelihoods and critical infrastructure, to avoid the emergence of new disaster risks by increasing the resilience of people and infrastructure to climate and other natural and man-made hazards It also recognizes the need to mainstream disaster and climate resilience into public investments, territorial planning and public financial management while building capacity at all levels (The World Bank, 2019).

125 The **Intended Nationally Determined Contribution (2015)** aligns with the National Climate Change Adaptation and Mitigation Strategy (NCCAMS). INDC aims to reduce climate change vulnerability and covers both adaptation and mitigation projects with a focus on 8 strategic areas: reducing climate risk, water resources, agriculture, fisheries and food security and nutrition, social protection, health, biodiversity, forests and infrastructure. It is divided into 2 terms; a medium term (2020 to 2025) to implement the goals at the regional level and a long term (2026 to 2030) to implement them at the national level.

126 The First National Communication to the UNFCCC (2006) provides a vulnerability and adaptation potential assessment and identifies potential adaptation projects.

127 Climate Change and Gender Action Plan (CCGAP): adopted in 2010, it underwent Phase 1 from 2010 to 2013 and entered Phase 2 in 2014. The plan aims to improve women's and poor communities' participation in climate change adaptation and mitigation interventions, as well as foster their engagement into environmental management. The Ministry for Coordination of Environmental Affairs (MICOA) selected 6 priority sectors to be part of the CCGAP: water, agriculture, health, climate mitigation (including energy and forests,) disaster risk reduction (DRR), coasts and fisheries. The main objectives of the plan were listed as follows:

128 National Adaptation Program of Action (NAPA) (2007): High priority activities for adaptation identified in the NAPA include: early warning systems, strengthening capacity in the agricultural sector to adapt to climate change, reduce climate change impacts in the coastal zones, management of water resources, strengthen agricultural producers' capacity to cope with climate change (Irish Aid, 2018).

129 Among barriers to successful CCA implementation in the country, the following ones were identified: insufficient coordination and governance mechanisms leading to insufficient policy coherence at national, provincial, and district levels; lack of technical capacity to mainstream climate change at national, provincial, and district planning and budgeting systems; lack of reliable climate change and gender-sensitive data and information, lack of cross-sectoral cooperation (GEF, UNEP, UNDP, 2020). **Mozambique Sectoral Programmes** align with the vulnerable sectors identified in the NAP.

130 The above efforts are commendable; however, they do not contain specific provisions to help cities adapt to climate change, which is a major barrier when it comes to mainstreaming the national climate action into the municipal level.

131 The following projects are particularly relevant to the activities planned under the present project:

132 Building Urban Climate Resilience in South eastern Africa (2017-2020): This is a 4-year grant project of USD 13,997,423 funded by the Adaptation Fund and implemented by UN-Habitat. Country and city level working groups were formed to facilitate the planning and implementation process of priority sub-projects in 4 countries (Madagascar, Malawi, Mozambique and Union of Comoros) including Mozambique. The project aims to develop capacities to adapt to the adverse effects of climate change in vulnerable cities of the participating countries. Chokwe is the first pilot city to implement the CityRAP Tool, designed by UN-Habitat in partnership with DiMSUR to help smaller countries understand risks and plan practical actions to progressively build urban resilience, between August and September 2015. It concentrated its activities in four neighbourhoods, which are considered to be the most exposed to natural hazards and where the poorest and the most vulnerable are living. This initiative is relevant to the current proposal as it was developed in one of the selected city of this proposal, Chokwe in Mozambique and deals with the implementation of a tool developed by UN Habitat to support the planning and implementation of CCA measures. The current proposal will analyse the tool CityRAP developed by UN Habitat (an executing agency for this proposal) and refer to the actions implemented while developing the tool 2, identify and prioritise CCA actions and projects which will help the city avoid identified damages and increase climate resilience.

133 Building Resilience in the coastal Zone through Ecosystem-based Approaches to Adaptation, 2014: The project is co-funded by the European Development Fund (EDF), Europe Aid, UN Habitat and UNEP with a total amount of USD 24,903,784. The project seeks to increase climate resilience of vulnerable communities in the larger Maputo area that depends on ecosystem services provided by mangrove and riparian ecosystems. Maputo is based in Mozambique, one the selected city for the implementation of this proposal. Also, this initiative is partly financed by UNEP and UN Habitat, both executing agency of this proposal. Finally, this previous initiative was project seeking to increase climate resilience of vulnerable communities. Thus, the inputs of this project will be used to design the tool 2, identify and prioritise CCA actions and projects which will help the city avoid identified damages and increase climate resilience.

134 Scaling up local adaptation and climate-risk informed planning for resilient livelihoods, Mozambique (2019): The project aims to strengthen the capacity of rural agro-pastoral communities and sub-national governments to plan for and adapt to climate change. This project is of interest because it took place at community level in Mozambique to scale up local adaptation and climate risk planning. Thus, it could provide relevant information for the design of Tool 1, 2 and 3.

135 Adaptation in the Coastal Zones of Mozambique (2011): The goal of the project is to support Mozambique to increase resilience to climate change through both immediate and long-term adaptation measures in development policies, plans, programmes, projects and actions. This project is relevant as Chokwe, the selected city is a coastal zone city in Mozambique. Thus, the inputs could be used for the design of Tool 2.

Sustainable financing of the Protected Area System in Mozambique (2009): This proposal includes both coastal/marine and terrestrial ecosystems and aims to strengthen the financial sustainability and overall effectiveness of Mozambique's PA system. It will do so through three components: Components 1 and 2 address the cost-side of the PA financing equation, while component 3 addresses the revenue-side. This previous initiative deals with financing mechanisms used to protect coastal a marine ecosystem in Mozambique. Thus, it could be used for the design of Tool 4, Unlock access to CCA finance.

Pilot city: Chokwe

136 The municipality of Chokwe is the capital of the Chokwe district located in Southern region of the Gaza Province. It has an area of 28 km², and a population of 55,256 people as of 2016. (DiMSUR, 2021) The city of Chokwe is rapidly growing and is regarded as the economic capital of the Gaza province, due its large agricultural produce. Other economic activities in the city include cattle, clothing and commerce. Most of the city's economy is informal and economic diversification is low. Approximately 60% of the population lives below the poverty line and has a life expectancy of as low as 44 years (Adaptation Fund, 2019).

137 As with most Mozambican urban centers, the development of Chokwe was unplanned. As a result, densely populated unplanned settlements and housing units with almost no access to basic services are common in the city.

Geographical location and vulnerability to climatic hazards

138 Chokwe is located at 230 kms distance from capital city Maputo. Chokwe city is considered the economic core of Gaza Province due to its high agricultural potential and fertile lands.

However, this potential is constantly threatened by natural and climate change hazards. As this city is located at the watershed of Limpopo river, it makes the city prone to frequent floods and cyclones. Moreover, Chokwe also suffers the effects of drought in some periods. Chokwe vulnerability to hazards is also affected by the effects of climate change causing temperature rise, unpredictability of dry and rain seasons and sea level rise (DiMSUR, 2021).



Figure 25: Location of Chokwe city. Source: Nations online project



Figure 26: Chokwe city boundary. Source: Google Maps

City climate vulnerabilities and risks

139 Commonly affected by floods, droughts and cyclones, the Limpopo area is considered one of the most exposed to natural risks in the country. **Floods in particular are a serious threat**, due to the district being downstream of the Limpopo river and having a low-lying flat terrain (Silva et al, 2010). The frequency and the intensity of floods varies, with the last devastating floods in 2000 and 2013 affecting the entire population. Key urban issues include (Adaptation Fund, 2019):

140 A non-functioning drainage system: A working storm-water drainage system is mainly important for areas such as Chokwe having a flat terrain. The city has a flat terrain, and the current drainage system is not coping with the increased water levels during heavy rainfalls. In addition, an inefficient maintenance of the drains leads to blockages, which significantly affects marginalized and vulnerable groups. It can take weeks for the floodwater to recede stopping most daily activities.

141 Inefficient solid waste management: waste tends to accumulate at unplanned sites. This affects the drainage sites.

142 Inefficient early warning systems: only 0.8% of the population have access to a telephone landline, 0.6% use computers and 18% of the people own a television. The main source of communication in the area is the radio, which is used by 47% of the household. Due to this lack of communication facilities, the warning system is highly inefficient. In addition, lack of evacuation centers restricts response during emergency times.

143 The city conducted a climate vulnerability assessment in 2019. The city mapped risks in vulnerable areas and reinforced drainage system and dikes. Other flood preventing measures

included establishing new drainage ditches, improving and regulating informal settlements, and build elevated buildings which are resilient to floods.

City's climate change adaptation action

144 The Department of Urbanization and Infrastructures and, under it, the Service of Urbanization and Infrastructures, manages climate related matters in the city. It also coordinates community level action together with the Local Committees for Disaster Risk Management. A number of international projects assisted the city in building climate resilience:

145 Urban Resilience Plan of Chokwe, 2017-2027: UN Habitat and a technical centre Disaster Management, Sustainability and Urban Resilience (DiMSUR) help Chokwe develop an urban resilience action plan 'Plano de Acção de Resiliência da Cidade (PARC)'. The Plan will identify priority areas that can strengthen the city's resilience in short, medium and long terms. The project utilises the **CityRAP tool**, jointly developed by the UN-Habitat and DiMSUR. The tool facilitates the use of local knowledge and techniques to strengthen risk management of the city. Under this framework, through consultations with relevant stakeholders and a series of exercise, six priority actions were identified for the city:

- Reorder the neighborhoods.
- Improve the drainage system.
- Improve solid waste management.
- Reinforce the street lighting.
- Developing the economy.
- Improving education, infrastructure and health

(DiMSUR, 2021)

146 Strategic Development Plan, Chokwe (Plano Estrategico de Desenvolvimento. Distrito de Chokwe): the plan is made with technical assistance from FAO and UNDP as a medium-term instrument to reduce poverty. The plan is also part of the decentralization process and of the implementation of **Lei n.º 8 dos Regulos Locais do Estado (LOLE)** (Government of Chokwe, 2012).

CCA finance in Chokwe

147 The municipality ensure financial resources mobilizations to implement CCA actions as one of its key priorities. However, the city does not have any direct access to DFI CCA finance. The city has so far received grants and loans from the following entities through the national government's facilitation: Project Cities and Climate Change (PCCC), UN Habitat's support with the Adaptation Fund's funding, the Project for Local Urban Development (PDUL) from the World Bank, and support from the European Union. The municipality expressed interest in a technical assistance activity helping it to **design funding strategies**.

148 In addition, the city has a Local Investment Fund, alimented by the municipal budget, to fund CCA projects.

Proposed alternative scenario with a brief description of expected outcomes and components of the project

149 Small and medium size cities in LDC and SIDS (hence forward referred to as **target cities**), being in a great need of CCA finance, have a very limited capacity and numerous disabling conditions minimizing their access to an existing pool of private CCA finance. The project therefore aims to develop an enabling mechanism for the target cities to access innovative and private CCA finance in the long run. This mechanism will be developed and piloted in one pilot country/city located in each key region of the Global South ? Africa, Asia-Pacific and Latin America & the Caribbean ? as well as in one pilot country/city of the LDC and of SIDS so that particularities of each of these categories of countries are fully taken into consideration.

150 The proposed alternative scenario aims to increase climate resilience of small and medium size cities in developing countries, with a particular focus on LDC and SIDS, through improving their access to development CCA finance in the short run and to innovative private sector CCA finance in the long run.

151 The project identified 3 pilot cities representative of the target city size and of the target country development status:

- English Harbour Town in Antigua and Barbuda, representing SIDS from both the Caribbean and the Pacific regions.
- Savannakhet in Lao PDR, representing LDC and the Asian region.
- Chokwe in Mozambique, representing LDC and the African region.

152 An extensive analysis of the baseline scenario demonstrated that the target cities hardly have access to CCA finance and, when they do, it majorly takes a shape of national and international development finance arranged in a form of grants or concessional loans, often with the assistance of and through the national government. The baseline analysis also demonstrated that such a situation is majorly due to the target cities and countries? **low creditworthiness**, which reflects their development-in-progress stage. In relation to climate resilience in cities, the latter comprises largely unmet physical infrastructure needs coupled with high climate vulnerabilities, an insufficient legal, regulatory and institutional framework to effectively tackle these vulnerabilities, a limited capacity to assess and quantify climate risks, and to mainstream them into ongoing infrastructure development, conduct a robust capital expenditure planning and effectively implement priority infrastructure projects.

153 Increasing creditworthiness of the target cities is hence critical to enable their access to innovative CCA financial mechanisms. **An improved creditworthiness can only be achieved in the long run** since it requires a fundamental transformation, which requires at least a few years to dedicated action both at a city and at a country level. The target cities however need to address their climate vulnerabilities urgently. The project thus sets a parallel double track: in the short term, it aims to increase the target cities? capacity to attract Development Financial Institutions (DFI) CCA finance and, in the long term, it aims to help them set the required enabling conditions to access innovative CCA finance. **Innovative financial instruments** are not necessarily ?new? instruments. A financial instrument is considered as innovative for a specific city if the city did not have access to it so far.

154 Short term objective: Increase city?s climate resilience by identifying and linking to DFI CCA finance (grants and concessional loans) feasible and most impactful CCA projects while laying down foundations for an increased and rated credit.

155 Long term objective: Increase city's creditworthiness and unlock its access to innovative private financing mechanisms for CCA to further strengthen the city's climate resilience and help the city unlock a smooth and steady socio-economic development.

156 This project will assess feasibility of different climate change adaptation financial tools and mechanisms potentially suitable for the target cities, select the most appropriate of them for each pilot city and help each pilot city gradually unlock access to these mechanisms. To achieve this objective, the project will build the capacity of the target cities required to access CCA finance. While the focus of the project is on innovative private financial mechanisms, conventional CCA finance mechanisms will be utilized as intermediary enablers required to equip the target cities and countries with all the necessary conditions to tap into the former.

157 Cities vary in size, geographical location, fiscal status, creditworthiness and financial autonomy, and they face different challenges in improving their sustainability. Each city requires a strategic approach to urban planning and financing to become a resilient city, and the financial and technical support provided needs to be customized to meet the needs and priorities of the city.

158 It is planned that the implementing entity and executing entities will be responsible for the following components of the project:

- UNIDO: Implementing Agency
- UN Habitat along with UNEP /CTCN Executing Agencies.
- Component 1: Municipal financing toolkit for climate change adaptation: CTCN/ UNEP.
- Component 2: Piloting of the toolkit developed in component 1: UN Habitat
- Component 3: Project monitoring and learning: CTCN/ UNEP.
- Component 4: Project evaluation: UNIDO

159 Further details are provided in the budget.

Project's Theory of Change

160 The challenges faced by the selected cities are increasing climate change events in frequency and intensity while developing countries struggle to invest in urban resilience due to an absence of mechanisms adapted to small and medium sized cities, an insufficient private sector involvement and inexistent enabling environment for CCA technologies proliferation. This project plans to address these challenges and problems through 4 components: i) the development of a municipal financial toolkit, ii) the piloting of the toolkit, iii) the project monitoring and learning and finally iv) the project evaluation. The results expected are municipal officers of the 3 cities have access and are capacitated to use the toolkit, that CCA investments projects are prioritized and opportunities for private sector are identified, lessons learnt are capture and knowledge is disseminated, and project is evaluated to ensure its sustainability. The main impact will be an increase resilience of the selected cities by the adoption of CCA solutions through an improved capital expenditure planning and access to innovative financing mechanisms. The project's theory of change is illustrated below:

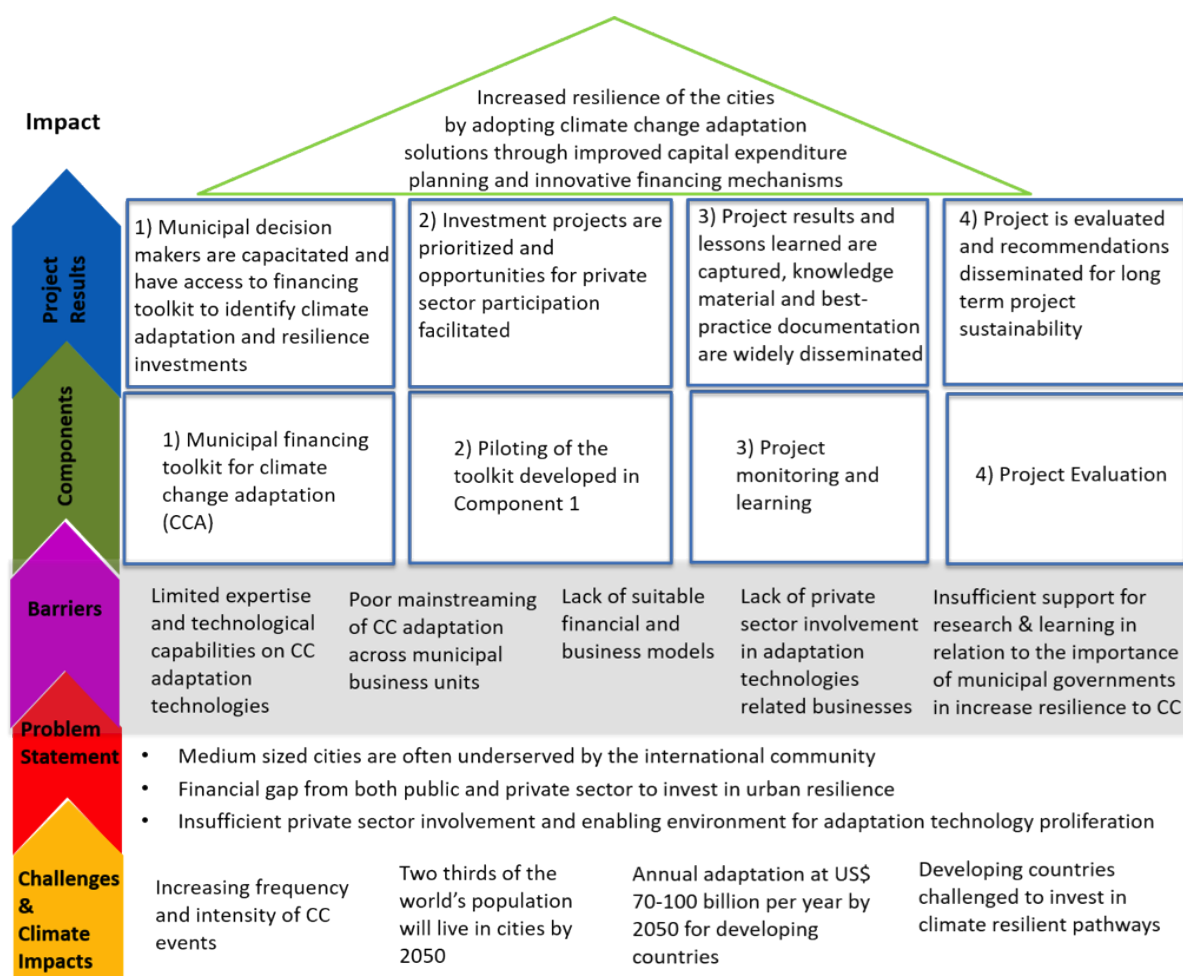


Figure 27: Theory of Change

Component 1: Municipal financing toolkit for climate change adaptation (CCA)

161 If cities and countries want to achieve greater climate resilience, they need to have budgets and capital plans which help them do so. A municipal financing toolkit will hence be developed to help target cities achieve this objective.

162 A **capital investment plan** is a policy tool through which municipal and national governments can plan how to lift their economic development and, as part of that, their climate resilience, through well sequenced and prioritized projects. The scale of these project can be small, medium or large. Its size and assessed risk will however influence the extent of financial support which can be attracted, as well as the cost of this support.

Outcome 1.1: A financing toolkit for CCA to increase the planning capacities of policymakers from small and medium size cities

163 The financing toolkit represents a range of tools to help the target cities identify and access available and innovative CCA technologies in urban planning and finance. The toolkit also focuses on enhancing the financial planning capacities of the municipal decision-makers.

Output 1.1.1: A financing toolkit for small and medium size cities is developed and disseminated. It includes tools to assess CCA technologies in urban planning and innovative financing

Activity 1.1.1.1 Develop a 6-tools sequenced financial toolkit

164 Presentation of tools and methods to assess CCA Technologies for medium-size cities

165 A combination of CCA projects (e.g., protect low lying areas from floods, minimise heat island effect) and regular infrastructure projects with a climate resilience component (e.g., a drainage system designed for more frequent and intense rainfalls) is required to minimise a city's climate change related risks and hence increase its economic attractiveness and creditworthiness. Tools 1 to 2 help the city prepare a list of prioritised CCA projects. Tool 3 helps the city strengthen its budget management and capital expenditure capacity and prepare a list of prioritised regular infrastructure projects with add-on climate adaptation measures to ensure climate resilience of related investments. Tools 4 to 6 help linking both kinds of projects to finance.

166 The toolkit will be developed for the specific needs and conditions of the target cities and enable them to:

- Assess the city's climate vulnerabilities (Tool 1)
- Identify and prioritise CCA actions and projects which will help the city avoid identified damages and increase climate resilience (Tool 2)
- Initiate a robust capital expenditure planning (Tool 3)
- Unlock access to CCA finance (Tool 4)
- Present selected CCA projects to identified private sector financiers (Tool 5)
- Request a credit rating and build strategic partnerships with the private sector (Tool 6)

167 The methods and tools should be common to the 3 countries to ease its replication in other territories. The results of the tools will be customized to each city.

168 The tools will also consider social and gender aspects to support the assessment and identification of responses.

Activity 1.1.1.2 Analyse common obstacles to accessing finance

169 The activity will include gaining a deep understanding of barriers faced by the targeted cities and countries in the targeted countries so that they can comfortably apply the toolkit. The barriers will be identified for each of the 3 selected countries and will include technological, technical, organizational, lack of readiness to access adaptation finance, institutional, political, data availability and other barriers that would be relevant. The barriers will be identified through a desk review of existing reports, surveys, bibliographical documents and will be completed by bilateral meetings and interviews with key stakeholders of each selected city and country. An estimate of 10 interviews /bilateral meetings should be held by country (30 in total). These meetings could be held virtually.

Activity 1.1.1.3 Develop a climate-smart expenditure tool to integrate CCA in municipal budget

170 This activity will initiate the design of a robust climate resilience sensitive capital expenditure planning for the city, which corresponds to tool 3. A **capital expenditure plan** is a policy tool through which the municipal government can plan how to lift the city's economic development and, as part of that, the city's climate resilience, through well-sequenced and prioritized projects. The scale of these projects can be small, medium or large. Their size and assessed risk will however influence the extent of financial support, which can be attracted, as well as the cost of this support.

171 The Tool 3 will utilise elements of UNIDO's **Climate-Smart Capital Investment Planning (CS-CIP) workbook**, originally developed by the World Bank. While selected elements of the CS-CIP can be successfully used in the target cities, other elements may be over ambitious in the short run. Only appropriate elements of the CS-CIP will hence be introduced into Tool 3. Tools 1 to 2 cover some of the steps under SC-CIP in a manner more tailored to the targeted cities and to the specifics of CCA.

Activity 1.1.1.4 Formulate a roadmap for identifying and accessing other innovative sources of financing

172 A step-by-step roadmap will be designed to describe the process for the 3 selected small and medium size cities to identify the innovative sources of financing and access these sources of financing. This roadmap could be divided in section based on the profile of the user (municipal or national), and by sector (CCA, Climate resilience, infrastructure, planning, etc).

Activity 1.1.1.5 Benchmark case studies and additional resources from innovative CCA financial instruments based on successful global experiences

173 A benchmark of successful global experiences in the use of CCA financial instruments for small and medium cities will be presented in a report. If possible, a webinar with the representants of one case studies by region could be organized. It could provide a focal point to the each of the cities and enable the cities to learn from previous experience in their region.

174 The toolkit will be developed in a visual, intuitive and user-friendly format, which will be finalized based on a preference assessment of the participating pilot cities and countries. It will include separate sections for the country level and for the municipal level, contain detailed guidance of each step, including illustrative case studies and examples, and enable entering, calculating and saving data.

Deliverables Output 1.1.1:

- 1 Report on the tools and methods that should be used to assess CCA technologies for medium small size cities.
- 3 analysis of obstacles to accessing finance, one for each country.
- 3 Roadmaps for identifying and accessing other innovative sources of financing one for each selected city.
- 1 case studies report of successful global experiences from innovative CCA financial instruments
- Interactive and automated financial toolkit (content and automated software)

Output 1.1.2: 60 municipal planners from 3 cities (20/ per city) trained in the municipal financing toolkit and climate finance

175 The training will introduce municipal and national level officials to the draft financing toolkit and help strengthen their technical capacities to implement the different steps of the toolkit. The training will seek women's participation to be least 40%.

Activity 1.1.2.1 ? Develop training materials and agenda

176 Based on the financial toolkit developed under Activity 1.1.1.1, a set of training materials will be developed in view of training participating national and municipal officials. The training materials will be developed for each of the 3 cities to ensure the trainings are customized to the context in which the 3 cities evolve. Training materials will be developed in English, and translated, at least in the official language of the 3 selected cities. If requested by the cities, one additional translation could be done.

177 Training materials will have 2 sets of content:

- targeting municipal officials
- targeting national officials

178 A detailed structure and agenda of the training will be developed. It will contain sessions common to both the national and the municipal officials and sessions specific to each segment of officials.

Common session

179 The common sessions will include, at least:

Results of the analysis of obstacles to accessing finance, one for each country.
Presentation of the respective roadmaps to identify and access innovative sources of financing.
Presentation of the tools and methods that should be used to assess CCA technologies for medium and scale cities.
The successful case studies (through webinar with one case study by regions if possible).

Specific session

180 The specific session for municipal officers and national officers will include at least:

- A demonstration and explanation of the 6-tools sequenced financial toolkit
- An exercise to familiarize the users with the 6-tools sequenced financial toolkit
- A presentation of the climate-smart capital expenditure tool to integrate Climate Change Adaptation in municipal budgets
- An exercise on the climate-smart capital expenditure tool
- Climate Change risk screening
- Environmental and Social Safeguards consideration for the stakeholder and decision makers.

181 The training will aim to facilitate a connection between national and municipal officials in order to later empower cooperation between them on aspects requiring the national assistance, such

as helping the city prepare proposals and access DFI CCA finance and accessing sub-sovereign transactions. The training will also aim to mix theoretical sessions with practical and interactive sessions.

Activity 1.1.2.2 Organize short training workshops, including online learning

182 Also, independently from these official training composed of 2 sets, online short training workshops will be organized to work on specific capacity needs as requested by the cities or as identified by the implementer of the project. These short training workshops could be limited to a very specific public (investors, banking institutions, planning officers, climate change experts or else). These workshops will be held virtually and will have a duration of between 1 and 2 hours. These online trainings will be recorded and will be available for at least 30 days after the session. The participation to these trainings is not defined and could vary from 5 to 25 persons approximately. It is estimated that 3 of these short training workshops will be requested for each of the cities. The material should be prepared in English as well as in the local language of the respective cities.

Activity 1.1.2.3 ?Map key stakeholders

183 A detailed stakeholder analysis for each of the 3 cities should be done. This stakeholder mapping will aim at identifying all the institutions, entities, and focal points that should benefit from the trainings and workshops planned during the implementation of this project. This identification will ensure representation of officials responsible for all the key aspects of the toolkit, such as climate risk assessment, associated economic losses assessment, urban planning, infrastructure planning, financial planning, policy and regulatory support.

184 The mapping should be presented as a table, which will clearly indicate the institutions represented, the sector of expertise, the name and contact details of the focal points, as well as its gender.

Activity 1.1.2.4 ? Conduct a training in each city from each participating country

185 A 3-day training will be conducted in each participating city of each participating country:

- English Harbour Town in Antigua and Barbuda
- Savannakhet in Lao PDR
- Chokwe in Mozambique

186 During the morning of the first day, both the municipal and the national officials will be invited. It is expected that up to 20 persons will be present (15 municipal officers and up to 5 national officers). This corresponds to the common session described in activity 1.1.2.1. The objective of this session will be to present:

- Results of the analysis of obstacles to accessing finance, one for each country.
- Presentation of the respective roadmaps to identify and access innovative sources of financing.
- Presentation of the tools and methods that should be used to assess CCA technologies for medium and scale cities.
- The successful case studies (through webinar with one case study by regions if possible).

187 In the afternoon of the first day, the training will include sessions open to representatives from the private sector, the academia, the civil society and NGO representatives to help build a

better stakeholder engagement and cooperation within the city. The latter will play a more active role in subsequent steps of the toolkit. It is therefore important to familiarize them with key steps of the toolkit and facilitate interaction between stakeholders. An average of 50 persons is expected to participate.

188 Day 2 as well as day 3 will be dedicated to municipal officials only and corresponds to the specific session described in activity 1.1.2.1. This session will be an interactive process, during which the municipal officers will test the toolkit, learn how to use it. It is important that the dynamic of this training include exercise in small groups as well as individually. These working sessions should enable the municipal officers to raise their questions. They should understand how the toolkit has been designed and how to use it efficiently. They should understand and test the different functionalities of the 6 tools. If these 6 tools are interlinked, they should understand how to use them. If modifications are identified during this training, modifications to the toolkit will be made afterwards. 15 persons are expected to attend these workshops in each of the 3 cities.

Activity 1.1.2.5 ? Collect feedback and lessons learned from the training

189 In view of the comments received during the trainings held in activity 1.1.2.3, feedbacks will be collected from training participants on positive points and to improve points of the toolkit, of the training materials and of the training structure. In order to collect this feedback, a post-training questionnaire will be developed and circulated for each session including the common sessions held on day 1 with municipal and national officers, the public session held on day 1 with the public sector, NGO, academia and other stakeholders, and for the specific session of day 2 and 3 with municipal officers.

Deliverables Output 1.1.2:

- 2 sets of training materials designed for each country in at least 2 languages (English and the local language of the respective cities) thus 12 Training materials (presentations, case studies, training booklets, training software and/or other materials as assessed to be most effective in the course of preparing the training)
- 6 Training structures, one for each set of each country
- 6 Agendas, one for each selected city and sessions.
- Minimum 3 online short training workshops held for each of the 3 cities. This deliverable includes: the list of participants disaggregated by gender, the materials produced in English and local languages, a minute of each workshop with an agenda and expected results.
- 3 maps of key stakeholders, one for each selected city.
- A 3-day training conducted in each participating city. This should include at least: Training materials for each of the sessions in English and respective local language and for each day and each country, a list of participants disaggregated by gender, photos of the events.
- 3 post trainings questionnaires for each city developed (one for the common session with municipal and national officers, one for the open session in presence of the private sector, academia, NGO etc) and one for the 2 days trainings specific to municipal officers. A summary report on points to enhance and to improve in the toolkit, the training materials and the training structure, as well as other aspects that could have been detected in the post training questionnaires.

Output 1.1.3: A set of high potential climate adaptation and resilience financing solutions are mapped out and prioritized based on their ability to support investment

Activity 1.1.3.1 Map international, regional, domestic financing mechanisms and funds

190 A mapping of the international, regional, domestic financing mechanisms and funds will be elaborated for each of the selected city. This mapping will describe the sectors of activities of each of these funds, the minimum and maximum funding available through these mechanisms, the eligibility criteria as well as a direct definition of what could be the used of these resources to increase the resilience to climate change effects of the 3 selected cities.

191 The sources of financing should contemplate the usual resources as well as innovative financing options.

192 Activity 1.1.3.2 ? Implement a toolkit to the selected cities

193 Municipal officials will learn to apply Tools 1 and 2 to their respective city.

194 Tool 1: Assess the city's climate vulnerabilities

195 Tool 2: Identify and prioritise CCA actions and projects which will help the city avoid identified damages and increase climate resilience Small and medium size cities may not possess sufficient human resources to conduct the assessments under Tools 1. While it is important for the municipality to have a solid in-house understanding of the matter, it may reveal challenging for the target cities to develop and retain such a full-fledged technical expertise, which is scarcely available even in a large number of larger cities. Tools 1 hence focus on **building a basic capacity within the municipality**.

Implementing Tool 1: Assess present and future climate risks and associated city vulnerabilities

196 Tool 1 is a pre-requisite to tackle climate vulnerabilities within the city and to access CCA finance requirements. Indeed, any funding institution, be it a development agency or a private agency, will need to understand the quantified anticipated CCA benefits of the intervention.

197 Thus, the first step of this activity will aim at having bilateral meetings and interviews with international, regional, domestic financing mechanisms and funds mapped during previous activity in order to list the indicators that are used by these respective entities in order to monitor the benefits of CCA interventions. It is planned that up to 10 bilateral or virtual interviews or meetings should be held for each city. A final report listing these indicators will be produced for each of the cities. This report will also highlight in a matrix the indicators requested by different funding institutions, and the one only requested by one institution.

198 Once the indicators will be identified and listed in a report, the second step will consist of comparing the existing data and information available with the requested indicators with the objective to identify the gaps and barriers between the available data versus the requested information. A special attention will be given to the scale of the information requested versus the information available, as well as the validity of the data or indicators requested by the financing agencies.

199 The final result of this step should be summarized in a gap report, which will include a matrix of the most important indicators (important because requested by a large number of institutions, or by the most relevant institutions for the purpose of implementing resilient measures

in the selected cities) that cannot be monitored because of a lack of available data. This report will conclude with a list of recommendations of data that should urgently be generated by the country and /or by the cities on vulnerability to climate change. Focus will be made on obtaining gender-disaggregated indicators.

Identify ongoing, implemented or planned CCA measures and actions for each city

200 This activity will need to list possible actions that have been identified, initiated or already implemented by the 3 cities to increase the resilience to climate change. For this purpose, a bibliographic review of all existing climate change strategies should be done including the national NDC, GCF programmes, NAP, and other municipal plans and strategies. All adaptation actions and measures identified at local and national level will be summarized in a excel.

201 This activity should enable to filter the actions by sectors (adaptation, resilience, infrastructure, planning, etc).

Implementing tool 2 - Identify and prioritise CCA actions and projects to avoid identified damages and increase city's CR

202 Through applying Tool 2, the city will identify and prioritise interventions and projects based on anticipated highest positive and long-lasting impact. In particular, it will assess which interventions can be implemented without extensive funding through implementing city planning and regulations such as, for example, an ecosystem-based adaptation (EbA) through an effective land cover control. Finally, the city will identify opportunities of mainstreaming climate risk into city plans, while considering also sustainability and social impact.

203 Finally, the projects prioritized will be compared with the mapped financial institutions for each region, with the objective to identify if any of these projects could be financed by the identified funding mechanisms.

204 A report will be delivered summarizing the possible options of financing of each prioritized project, as well as the barriers, gaps or bottlenecks that could unable the access of these mechanisms.

205 Also, the report will analyse innovative mechanisms and propose recommendations on the way forward to accessing financing mechanisms for the selected cities in order to implement the identified prioritized projects.

Deliverables Output 1.1.3:

- Tool 1
- 3 reports listing the indicators that are used by the mapped local entities in order to monitor the benefits of CCA interventions (one for each city/country).
- 3 gap reports, one for each city, comparing the climate vulnerability data available in the city/country versus the information requested by the financing institutions, including a recommendation summary on the data that should urgently be generated by the country and /or by the cities to ensure access to finance to these small and medium sized cities.
- Identifying ongoing, implemented or planned CCA activities:
- 3 excel listing all national and local climate change adaptation actions and measures defined in strategic documents
- Tool 2

- 3 prioritised list of non-structural actions which mainstream CCA into city urban plans (one for each selected cities).
- 3 prioritised list of projects that require CCA finance. Projects will be prioritised at two levels:
 - Level 1: projects eligible for DFI financing
 - Level 2: projects requiring innovative private sector financing
- 3 final reports comparing the prioritized projects of each city with its respective mapping of funding mechanisms including the identification of barriers to access some funds and a final list of recommendations.

Output 1.1.4: Communication materials for knowledge management are developed and disseminated among NDEs and GEF Operational focal points

206 In order to initiate dissemination of the financial toolkit and associated training materials with the objective of mainstreaming the process into other small and medium cities in the LDC and the SIDS, a set of communication materials on the financial toolkit will be developed.

Activity 1.1.4.1 ? Engage with domestic and regional stakeholders including national focal points to global funds

207 The UNFCCC country focal points for technology (NDE) and finance (NDA), as well as GEF Operational focal points, will provide active support to the selected CTCN's Network Member in the execution of this technical assistance. Their roles as country focal points will include, but not be limited to: Ensuring the activities associated with the implementation of this technical assistance are aligned with national climate priorities; promote and engage with key stakeholders as identified by the Network Member; promote and present this technical assistance in climate change-related events; and participate in CTCN events and in national workshops affiliated with this technical assistance, if required. They will also be expected to provide guidance and review any relevant documents produced and will be kept apprised of the progress of the technical assistance. The role of the NDE and NDA and GEF Operational focal points is that of coordination and will ensure effective engagement of the country stakeholders to ensure country ownership of the process.

208 Domestic, regional stakeholders including the focal points of global funds Domestic, Regional and will be invited to a regional webinar in which the network partner will present the results of Output 1.1.3, the results obtained and the conclusions. This webinar (one per region) could be held online. It is expected that between 25 -30 persons will be attending. The objective of such regional webinars will be to inform of the problematic for small and medium size cities to access funding mechanisms for climate adaptation projects, the importance for these small and medium cities to adapt to the effects of climate change, and a presentation of this programme and preliminary results on tool 1 and 2.

Activity 1.1.4.2 ? Engage with global programmes to support private sector engagement

209 A **private sector engagement webinar** will be organized for private sector stakeholder representatives of each cities to:

- Raise awareness on business advantages related to implementing climate adaptation technologies versus business-as-usual technologies.
- Improve the perception climate change opportunities.

- Train trainers who will be in a position to further spread the knowledge in various localities of the 3 countries
- An average of 50 participants is expected to participate to the private sector workshop. This workshop should be held presential.

210 The activity will seek women's participation to be at least 40%

Activity 1.1.4.3 ? Convert training packages and toolkit into dissemination material

211 Finally, a booklet on the financial toolkit and associated training will be developed. It will elucidate the need for such a toolkit and a training, potential gains for the targeted cities and countries, summarise the content of the toolkit and the training as well as indicate practical details on how and where these can be accessed.

212 The booklet will be disseminated to all the CTCN's NDEs, and GEF Operational focal points, located in targeted LDC and SIDS countries. The dissemination will be combined with a webinar introducing the toolkit and the training to the NDEs and GEF Operational focal points.

Deliverables Output 1.1.4:

- 3 Webinars conducted with domestic and regional stakeholders including national focal points to global funds, one in each region This includes the materials (in English and local language), the list of participants disaggregated by gender, some photos of the event and a minute of the webinar
- 3 workshops with the private sector representatives of each countries. This includes the materials (in English and local language), the list of participants disaggregated by gender, some photos of the event and a minute of the webinar
- A booklet presenting the financial toolkit and the training (electronic version) is shared with all the relevant NDEs and GEF Operational focal points. This booklet will be translated into the 3 local languages of the 3 selected cities as well as in English and should be developed in a gender-responsive manner.

Component 2: Piloting of the toolkit developed in Component 1

Outcome 2.1: Selected climate adaptation and resilience financing methods are prioritized and adapted in three selected small and medium size cities

Output 2.1.1: Adaptation technology financing plans for 3 small and medium size cities are developed

Activity 2.1.1.1 ? Implementing Tool 3 ? Initiate a robust capital expenditure planning

213 The objective of this activity will be to train municipal officers in identifying, prioritising and defining a robust expenditure plan for climate proof city's infrastructure project. Tool 3 is composed of 12 steps. These steps will contribute to both the short-term objective of increasing the city's climate resilience through mainstreaming climate resilience components into city's priority infrastructure projects and to the long-term objective of improving the city's creditworthiness and tapping into innovative financial mechanisms.

214 The activity will include 4 trainings sessions to enhance capacity of the municipal officers on the first 4 steps:

- Training session 1 (2 days): Formulating a socio-economic development vision through an analysis of city's key assets and challenges (Step 1). Such a vision is important to mobilise stakeholders and showcase a long-term commitment to a sustained and a sustainable development to financiers. This commitment is considered one of the key elements of a good creditworthiness. The training session will have a duration of 2 days and will be implemented in each of the 3 cities. Materials will be made available in English and respective local languages of the cities. The timeline of these meetings will be defined in the agenda prepared in activity 1.1 to ensure the commitment of the municipal officers.
- Training session 2 (0,5 day): Identifying and prioritising infrastructure projects required to achieve this vision, including identifying appropriate CCA technologies (Step 2). The matrices produced in activity 1.1.3, are mainly focused on CCA activities. This time the exercise will list infrastructure prioritized projects. Appropriate CCA technologies relevant for these selected infrastructure projects will be identified.
- Training Session 3 (0,5 day) Based on information collected under Tools 1 and 2, identifying key climate related risks likely to affect each of the identified infrastructure projects (Step 3). Session 2 and 3 could be held the same day.
- Training Session 4 (2 days): Defining climate resilience measures to mainstream into each project identified under Step 3 and calculating associated additional cost (Step 4). Step 4 takes into consideration positive effects of highest priority CCA interventions identified under Task 3. For example: if a protection and a regeneration of a water catchment area in a city area prone to floods and future flood risks has been identified as a key priority intervention, a drainage system expansion could take into account the effects of the above intervention when identifying the maximum water volume thus optimising the cost of the latter project.

Activity 2.1.1.2 ? Identify strategic barriers to tapping into innovative private CCA finance and feasible solutions to address them (Tool 3, Steps 5 and 6)

215 Projects selected for DFI financing may not directly depend on these steps, but these steps are critical to unlock access to innovative and private sector financing in the long run.

216 The activity will include, for each city:

- Mapping barriers preventing or slowing down the city's access to innovative private CCA finance (Step 5). These may include key national and municipal policy and regulatory, institutional, planning, resources and capacity barriers as well as key municipal infrastructural barriers. This step will be done by the implementer.
- Identifying solutions to mapped barriers at the municipal and national levels (Step 6). These solutions will include feasible national and municipal actions to address policy and regulatory, institutional, planning, resources and capacity barriers; and city infrastructure development activities to address municipal infrastructural barriers. This step will also be developed by the implementer.
- Considering that many trainings sessions and direct interactions with the local municipal officers would have already occurred at this stage of the project, it is estimated that no further interviews or

bilateral meetings would be required. However, should it be necessary, the implementer could organize virtual meetings with governmental bodies or other relevant stakeholders to achieve step 5 and 6 of the tool 3.

Activity 2.1.1.3 ? Improve on city?s capital expenditure planning and prioritise climate resilience capital investments (Tool 3, Steps 7 to 10)

217 Under this activity, the city will build capacity and improve on its capital expenditure planning. This will both help the city facilitate access to priority climate resilience investments and improve its creditworthiness in the long term. The activity will include trainings of the municipal officers on the last step of tool 3:

- Training session 5 (2 days): Strengthening the city?s revenue and expenditure planning capacity (Step 7)
- Training session 6 (1 day) : Assessing the city?s capital expenditure needs and capacities (Step 8)
- Training session 7 (1 day): Listing and prioritising climate resilience capital investments based on projects prioritised under Steps 2, 3 and 4 (Step 9)
- Training session 8 (1 day) Building capacity and estimating cost of prioritised projects (capital, operating, lifecycle) (Step 10)

Deliverables Output 2.1.1:

- City?s socio-economic development vision formulated (results of step 1)
- List of prioritised infrastructure projects (results of step 2)
- For each prioritised infrastructure project:
 - Identified climate risks over the project?s targeted life cycle (results of step 3)
 - Identified climate resilience measures and associated add-on costs (results of step 4)
- Report on the 5 days training including a list of participants for each day, disaggregated by gender, materials of the session in English and respective local languages, photos, post-training survey.
- 3 reports highlighting strategic barriers preventing the city from accessing innovative private CCA finance and feasible solutions to address these barriers.
- Improved capacity of relevant municipal officials to conduct capital expenditure planning.
- City?s capital expenditure planned for the next 3 to 10 years based on priority expenditure needs and capacities (results of Step 7 & 8)
- City?s climate resilience capital investments assessed and prioritised (results of step 9&10).
- Report on the 5 days training including a list of participants for each day, disaggregated by gender, materials of the session in English and respective local languages, photos, post-training survey.

Output 2.1.2: Investment projects are prioritized based on their adaptation impact, attractiveness to finance private sector and their financing options

218 At this stage, the city will holistically prioritise all the identified projects, including both CCA projects and regular infrastructure projects requiring climate resilience components ? and set up a long-term project finance action plan. The prioritizations will also consider sustainability and social impact of the projects.

Activity 2.1.2.1 ? Prepare an overarching list of prioritised projects combining CCA projects and regular infrastructure projects with a CR component (Tool 3, Steps 11 and 12)

219 Preparing a list of prioritised infrastructure projects that include a necessary climate resilience component (Step 11). Projects will be prioritised at two levels:

- Level 1: projects eligible for DFI financing
- Level 2: projects requiring innovative private sector financing
- Preparing an overarching list of prioritised projects combining CCA projects and regular infrastructure projects with a CR component (Step 12). This list will clarify which projects the city has decided to fund and implement as an outmost priority over the next few years.

220 Activity 2.1.2.2 ? Identify funding sources and prepare an action plan to link identified projects to CCA finance (Tool 4)

221 Based on an overarching list of prioritised projects prepared under Tool 3 Step 12, Tool 4 - Unlock access to CCA finance, will help the city identify sources of finance and, based on the anticipated speed of the identified funds' obtention and disbursement for each project, prepare a timeline and an action plan of obtaining and disbursing the required funds.

222 This activity will include 3 sub-activities. These sub-activities will require full engagement from the cities. A one-day workshop will be organized in presence of the key municipal officers and relevant governmental bodies of the cities to take the following decision:

223 Identify projects to be implemented with the city's own municipal capital expenditure (Tool 4.1). Based on outcomes of implementing Tool 3, the city will assess its capital expenditure capacity over an identified time span (3 to 10 years depending on the implementation duration of the projects to fund) and finalise projects to be funded by its own capital expenditure budget.

224 Tap into already accessible CCA finance opportunities and prioritise those the city can most confidently tap into in the short run (Tool 4.2). This sub-activity will help the city promptly address its priority CCA needs through conventional DFI provided CCA finance. It will include mapping DFI provided CCA finance opportunities the city is familiar with and runs a fair chance of obtaining at the present stage of its development; identifying most promising opportunities for the prioritised projects identified under Tools 2 and 4; undergoing training on project preparation; and, preparing 1 to 2 highest priority project proposals to submit to identified financiers.

225 Identify innovative CCA finance mechanisms and prioritise those the city can most confidently tap into in the long run (Tool 4.3). This sub-activity meets the city's long-term objective of tapping into innovative private sector finance. It includes mapping innovative CCA finance opportunities the city can realistically tap into for the prioritised projects identified under Tools 2 and 4; and, designing an action plan to facilitate access to these opportunities.

Deliverables Output 2.1.2:

- An overarching list of projects prioritized combining CCA projects and regular infrastructure projects based on DFA and on innovative private sector financing opportunities.
- Preparing an overarching list of prioritised projects combining CCA projects and regular infrastructure projects with a CR component.
- A list of CCA interventions and projects to be funded with the city's own capital expenditure budget

- 1 to 2 project proposals to submit to relevant DFI
- Action plan to access innovative private sector finance for suitable city projects
- Report of the workshop with list of participants disaggregated by gender.
-

Output 2.1.3: Adaptation technology financing plans are presented to selected members of the financial community

226 The present output will conclude the participating cities' efforts in applying the financial toolkit and lead them to presenting selected CCA projects to private sector financiers and to request a credit rating.

Activity 2.1.3.1 ? Present selected CCA projects to identified private sector financiers (Tool 5)

227 This activity will include identifying and conveying targeted innovative private sector finance representatives; organizing and conducting a pitch and exchange seminar to select 3 to 5 projects; preparing a detailed presentation for each project to present; and collecting lessons learned.

228 The seminar will have a duration of 1 day and will be organized in a presential way with a restrictive attendance of key private sector finance representatives, key municipal officers as well as the implementer. Up to 12 persons should be expected. The presentations will be made in the local language while materials of the session will be made available in English and respective local language of the cities.

229 The seminar should be organized at least 1 month in advance to ensure the availability of all the participants.

Activity 2.1.3.2 ? Request a credit rating and build strategic partnerships with the private sector (Tool 6)

230 Towards the end of the project cycle, the city will invite a credit rating agency to assess its creditworthiness and attribute a rating. Assuming that the earlier activities were successfully conducted, participating cities stand a reasonable chance to receive a rating allowing them to seek CCA finance from CCA bonds and other innovative financial mechanisms.

231 Note: Very small size cities in SIDS, such as English Harbour Town, are likely to still face difficulties with successfully completing this step. In such a case, the city may continue tapping into funding typically provided under a sovereign guarantee. For SIDS, the effort could instead focus on increasing the country's credit rating.

232 The activity will include preparing required documentation, organizing the credit rating agency's visit and facilitating its task.

Deliverables output 2.1.3:

- A 1-day seminar conducted in each participating city or its country capital (as per financiers' availability)
- Pitch presentations in English and respective local languages
- Report on lessons learned
- List of participants disaggregated by gender.

- Credit rating agency's visit to the city and attribution of a credit rating

Output 2.1.4: 3 Regional workshops are organized to present the toolkit and city case studies to their respective regions

233 At this stage, lessons learned from the experience of the 3 cities and countries participating into the present project will be documented in detail and presented at a regional workshop in each of the 3 participating regions (Africa, Asia and the Caribbean).

Activity 2.1.4.1 ? Collect lessons learned through the activities conducted thus far

234 This report of lessons learnt will be drafted by the implementer and shared with the municipal officers through an online questionnaire. The online questionnaire will be designed with tick box to optimize the time required of the municipal officers. The results will be analysed and reported in one report by city as well as one global report highlighting the common lessons learnt between the 3 regions.

Activity 2.1.4.2 ? Conduct 3 regional online workshops

235 A 2-Day regional workshop will be organized in the capital or in the participating city of each participating country. It will convey 5 to 10 representatives from at least 15 countries (both from the national level and from target cities in these countries) from each region. For the Caribbean region, it will be proposed that selected SIDS from the Pacific region join the workshop given the relevance of its lessons learned for them.

236 The workshop will present the toolkit along with lessons learned and case studies from the participating countries and cities.

Activity 2.1.4.3 ? Organize municipal financing sessions

237 Up to 3 online sessions on municipal financing will be organized alongside periodical CTCN regional workshops. These sessions will be addressed to NDE, GEF Operational focal points, national officers and regional officers of developing countries, including the 3 countries selected for this proposal as well as other countries for the regions. The objective of these sessions would be to scale-up the toolkit to other territories, explaining briefly its principles, the challenges, the objectives and the results obtained. Municipal officers of the selected cities will be welcome to share their experience during these sessions. Around 20 attendees per regions are expected in these municipal financing sessions.

Deliverables Output 2.1.4:

- One report on lessons learned per city.
- One global report highlighting common lessons learnt from the 3 regions.
- 2-Day long workshops conducted for representatives from each region.
- Materials of the sessions in English and relevant languages.
- List of participants disaggregated by gender.
- Up to 3 online sessions on municipal financing

- Materials of the sessions in English and relevant languages.
- List of participants disaggregated by gender.

Component 3: Project monitoring and learning

Outcome 3.1 Regular project monitoring and documentation for learning and knowledge sharing

Output 3.1.1: A project monitoring plan is designed and executed

238 The aim of this output is to develop a monitoring tool to apply throughout the project in order to conduct regular monitoring of the project's successes and challenges. The results of this monitoring will help improve the financial toolkit and other communication materials, which will be actively utilized in the concerned regions for the target cities. The monitoring will be prepared according to UNIDO, CTCN and GEF requirements defined for LDCF/SCCF core indicators.

239 All monitoring and evaluation tools and documents, such as the monitoring plan, progress reports, final evaluation report, and thematic evaluations (e.g. training needs assessment), will include gender dimensions, and report with respect to an established baseline for gender related targets.

240 These reporting will include at least, but not limited to the following exercises:

Activity 3.1.1.1 Design and execute project's monitoring plan

Report and monitor CTCN requirements:

241 Activity i: A detailed implementation plan for all activities, deliverables, outputs, deadlines and responsible persons/organizations, including a gender study and an itemized budget for implementing the Response Plan. The detailed implementation plan and budget must be based directly on this Response Plan.

242 Activity ii: Based on the work plan, a monitoring and evaluation plan with specific, measurable, achievable, relevant, and time-bound indicators should be developed to evaluate the timeliness and appropriateness of implementation. The indicators selected in the monitoring and evaluation plan should be aligned with the Closure and Data Collection Report template. This will enable the implementer to complete the CTCN Closure and Data Collection Report at the end of the technical assistance (please refer to Activity 1.4 and Section 14 of the Response Plan).

243 Activity iii: A two-page description of the expected impact of the CTCN technical assistance prepared at the start of the assistance, updated at the end of the technical assistance (a template will be provided).

244 Activity iv: A CTCN Closure and Data Collection report completed at the end of the technical assistance (a template will be provided).

245 Report and monitor UNIDO Requirements:

- Provide justification of the deliverables with each invoice.

- Report and monitor GEF requirements:
- Provide the necessary information to fill in the ?GEF-7 Climate Change Adaptation Results Framework?

246 Deliverables Output 3.1.1 :

- 3 Detailed implementation plans, one for each city.
- 3 Monitoring and Evaluation plan, one for each city
- 3 Impact assessments, one for each city
- 3 Closure data, one for each city
- 3 Gender Assessment, one for each city, indicating differentiated impact of the activities on women and men, progress of the gender mainstreaming action plan as well as recommendations to further promote GEEW through climate change adaptation activities.
- All deliverables approved by the parties before invoicing respective amount
- GEF-7 Climate Change Adaptation Results Framework monitored on a continuous manner from the start to the end of the projects.
- Indicators defined in Annex A ? including the number of beneficiaries of the project disaggregated by gender.

Output 3.1.2: Lessons learned from the adoption of the toolkit are captured and used for iterative strengthening

Output 3.1.2: Knowledge materials and documentation on best practices developed and widely disseminated to beneficiary cities and through CTCN network

Activity 3.1.2.1 Develop knowledge materials and documentation

247 At the end of the project, all the communication materials including the financial toolkit presentation booklet, the financial toolkit, a report on lessons learned and best practices will be developed in English as well as the local languages of each respective cities. Potential translation into French and Spanish could be required. The objective will be that at least 3 target cities in at least 15 target countries from each region (SIDS will combine the Caribbean and the Pacific regions) have received all the prepared communication materials. These cities could be identified during the regional workshops for example. These countries should be well aware of the project, of this initiative and should understand how to use the communication materials provided. This explanation could be done through online regional meetings of 1 or 2 hours.

248 All knowledge management activities will be gender responsive. This includes integration of gender dimensions into publications, for instance presenting gender-disaggregated data, gender-energy nexus theory, gender sensitive language in publications, photos showing both women and men, and avoid presenting stereotypes, as well as assuring that women, men and the youth have access to and benefit from the knowledge created.

Activity 3.1.2.2 Disseminate knowledge materials and documentation on best practices

249 At the end of the project, all the communication materials including the financial toolkit presentation booklet, the financial toolkit, a report on lessons learned and best practices will be disseminated widely disseminated through NDE, and GEF Operational focal points. In particular,

dissemination will take place through CTCN's website, newsletters and NDE and GEF Operational focal points network.

250 It will be made sure that knowledge materials and documentation is equally available to women.

Activity 3.1.3.1 Capture lessons learnt from of the toolkit for iterative strengthening

251 Under this output, feedback from the project beneficiaries will be collected along with lessons learned and suggestions for improvement. Indeed, participating countries and cities will have experienced the financial toolkit in detail and will have gained an in-depth understanding of the toolkit's strengths and weaknesses. The objective of this output will be to utilise feedback and lessons learned to strengthen and finalise all the communication materials created under the project.

252 Feedback will be collected from both women and men to ensure that gendered needs and opportunities are taken into consideration.

253 Deliverables output 3.1.3:

- At least 3 target cities in at least 15 target countries from each region (SIDS will combine the Caribbean and the Pacific regions) have received all the prepared communication materials.
- List of countries, focal points and communication materials exchanged, date of the exchange, language of the materials exchanged and any other relevant information.
- Gender-responsive knowledge materials and documentation developed including the financial toolkit presentation booklet, the financial toolkit, a report on lessons learned and best practices.
- Demonstration that the knowledge materials and documentation have been widely disseminated to both women and men through the adequate channels.
- All communication materials, including the financial toolkit, further strengthened through addressing challenges identified through participating countries and cities using them during the course of the project.

Component 4 Project Evaluation

Outcome 4.1 Project Evaluation

Output 4.1.1: Terminal independent project evaluation is conducted and follow up actions and recommendations are determined for long term project sustainability

Activity 4.1.1.1 Project evaluation report

254 An independent evaluation entity will be invited to assess the quality of the project's implementation, prepare a project evaluation report and provide recommendations on how similar projects can be improved in the future.

255 Activity 4.1.1.2 Determine the follow up actions and recommendations for future implementation

256 A roadmap determining the follow up actions and recommendations for future implementation of the toolkit in the selected cities.

257 Deliverables output 4.1.1

- 3 Final independent project evaluation.
- 3 follow up actions plans and recommendations for future implementation

258 Alignment with GEF focal area and/or Impact Program strategies

259 The proposed project aligns with the GEF Focal Area Climate Change Adaptation (CCA-1 and CCA-2), especially on initiatives related to reducing the impacts of climate change in cities of developing countries. The main objective is to increase resilience of cities by adopting appropriate climate change adaptation solutions through improved capital expenditure planning and innovative public and private financing mechanisms. The project focuses on 3 pilot target cities in Africa, Asia and Latin America and the Caribbean and aims to produce global knowledge, which will be made widely available, including through South-South cooperation.

260 The project has been developed under the Challenge Program for Adaptation Innovation, which seeks to identify, test and highlight innovative adaptation approaches with potential to be replicated and scaled up. It is aligned with two of the priority themes of the Challenge Fund, namely:

261 c. ?strategic multi-stakeholder partnerships, alliances, and incubators as catalysers of larger scale financing and market developers?,

262 g. ?innovative business models and investment approaches, seed funding and venture capital approaches to improve access to finance for private sector?.

Incremental/additional cost reasoning and expected contributions from the baseline, the GEFTF, LDCF, SCCF, and co-financing

263 The support of the LDCF/SCCF will provide for faster and more transformative adaptation by helping decision makers appreciate and calculate the value of CCA and their respective co-benefits. The predictability and comparability of green infrastructure with grey-built infrastructure is almost non-existent and the multiple benefits that CCA measures bring and make them economically and financially attractive are not being measured or assessed in a systemic manner. Ongoing practice shows that the integration of CCA and green infrastructure into adaptation planning and infrastructure planning is increasing, but progress is very slow. Without better information on the economic advantages of CCA, public and private counterparties will move forward to plan and deploy grey alternatives with heavy carbon and environmental footprints across their life cycle. This will lock global societies into a green-house-gas-heavy and natural resource and material-consuming future. Natural resource extraction will increase, biodiversity related challenges will increase, and natural ecosystems will become even more vulnerable to climate change. The support of the LDCF/SCCF is very important to prevent this occurrence and will be instrumental to increase the deployment of CCA actions. The support of the LDCF/SCCF permits the building of the evidence base for the multiple benefits that CCA bring, beyond adaptation only. Cocreating the assessments and valuations of CCA projects with diverse groups of

stakeholders is necessary to uncover, measure and quantify the benefits. This will allow CCA projects to become more mainstream into adaptation and infrastructure planning.

264 The project and LDCF/SCCF support builds on an existing methodology and toolkit which has been validated and tested in different regions, different context, and cities. These existing tools will be redesigned to focus on small and medium sized cities of LDCs, SIDS regions to ensure that these cities can also access Climate finance and innovative mechanism to plan and create sustainable cities and limit the impact of climate change hazards in the mid- and long-term, decreasing as such, the human, health, material and economical disasters.

265 The COVID 19 pandemic coupled with increasing extreme weather and climate change related disasters is likely to accelerate the transition towards sustainable development and make the demand for CCA measures. Asset owners, investors, and insurers are also feeling the heat as they suffer the financial losses caused by extreme weather and they are looking for alternative options. The support of the GEF will provide a faster track-record and help build trust in CCA projects as viable investment alternatives for grey-built infrastructure.

266 Rolling out the customized toolkit in 3 small and medium cities of LDCs and SIDS or 3 different continent, Africa, Asia and Latin America and Caribbean (Component 1) and increase decision makers capacity in understanding the support that the toolkit will provide in managing better the CC hazards and planning sustainable cities will allow a track record on CCA to be build, and lessons learnt will be available for all stakeholders with an interest in planning, developing and financing CCA projects. The results of this project will be disseminated online and will provide access to data necessary to create investment worthy CCA projects and the engagement with CCA project proponents, including financiers and investors and engage the private sectors of these regions will help to create a strong community of practice that is empowered to undertake systemic assessments on CCA projects and embed them in adaptation and infrastructure planning.

267 The proposal is co-financed by many actors as this project is innovative and unique. UNIDO and the CTCN will be providing in-kind and cash, UN Habitat is also providing in-kind support. The goals of these entities are aligned with the goals of the LDCF/SCCF - supporting developing countries reduce vulnerability to climate change, implement development strategies that are resilient to extreme weather and at the same time, increase deployment and expertise of low carbon technologies. Last but not least the countries hosting the project will be financing this proposal through in-kind and grant support.

268 Global environmental benefits (GEFTF) and/or adaptation benefits (LDCF/SCCF)

269 The global environmental and adaptation benefits in line with the LDCF/SCCF are:

270 All the project components and activities contribute to increasing national, regional and local capacities to address climate change adaptation in the long-term and climate variability in the short and medium terms in small and medium size cities of LDC and SIDS. Increased capacities of these cities to access climate adaptation finance will allow these cities to contribute to their respective country's climate change adaptation targets.

271 Sensitivity to climate change and adoption of climate change adaptation measures, especially those related to nature-based solutions (NBS) and ecosystem-based adaptation will reduce the pressure on the environment and improve efficiency in use of natural resources.

272 Improved government capacity at national and municipal levels to deal with climate change by designing, implementing, evaluating, and replicating innovative financing systems for climate change adaptation in LDC and SIDS.

273 Improved city's creditworthiness and rating system which will in turn strengthen the CCA capacities of the city as well as improve its fiscal management.

274 In the case of this proposal, the following assumptions have been considered:

275 **CORE INDICATORS** as defined in the annex (excel sheet).

276 **INDICATOR 1:** Number of direct beneficiaries disaggregated by women and men

277 The project is implemented in 3 cities of Latin America, Asia and Africa. The cities are:

- Kaysone Phomvihane with a population of 131,749 inhabitants.

- Choke with a population of 55,256 inhabitants.

- English Harbour Town has a population of 759 inhabitants.

278 Thus, the total direct beneficiaries from these 3 cities will be 187,764 inhabitants.

279 It is considered that the proposal, if implemented, will also directly benefits the surroundings cities. An estimation of additional 150,000 direct beneficiaries per country have been considered for a total of 600,000 inhabitants that could benefit directly from this proposal.

280 **INDICATOR 2:** Area of land managed for climate resilience (ha)

281 The project is implemented in 3 cities of Latin America, Asia and Africa. The cities are:

- Kaysone Phomvihane with 21,774 ha.

- Chokwe with 2,466 ha.

- English Harbour Town with 28 ha.

282 Thus, the total direct beneficiaries from these 3 cities will be 24,268 ha.

283 However, as defined for indicator 1, it is considered that the project will have direct impact and beneficiaries away for the strict limit of the selected cities. Thus, it has been considered that the total area of land managed for climate resilience of 35,000 ha for Kaysone Phomvihane, 5,000 ha for Chokwe and 2,134 ha for English Harbour Town, thus a total of 42,134 ha.

284 **INDICATOR 3:**

285 **Total no. of policies/plans that will mainstream climate resilience:** 3 policies have been added in this indicator in comparison with the PIF stage as 3 plans will be delivered, one for each selected city.

286 INDICATOR 4: Total no. of people trained

287 With regards to the total number of persons trained, the following assumptions have been taken:

288 There are several trainings sessions designed in the proposal, that would include training to municipal officers (15 persons) and national officers (5 persons) in each of the 3 countries.

289 For municipal officers, the repartition between men and women does not respect parity between women and men as parity is not yet common in LDCs and SIDS. For this reason and with the objective to be realistic, it has been considered that 10 of these 15 municipal officers would be men, and 5 would be women.

290 For national officers, it has been considered that 3 will be men and 2 will be women.

291 These 15 officers will be trained to the use of the toolkit.

292 The proposal also plans to implement, on activity 1.1.2.2 short training workshops, including online learning to 5 to 25 persons approximately.

293 It has been considered that 15 of the attendees will be male while 10 will be female.

294 Activity 1.1.4.1 plans to engage with domestic and regional stakeholders including national focal points to global funds through the organization of a webinar were 25 to 30 are expected to attend, for each region. It is foreseen that the participation of male would be of 20 persons, and female would also represent 10 persons for each country.

295 Activity 1.1.4.2 plans to engage with global programmes to support private sector engagement through a private sector workshop where 50 participants by country are expected. It has been considered that 30 attendees will be male and 20 females.

296 Activity 2.1.4.2 plans to conduct 3 regional online workshops that will convey 5 to 10 representatives from at least 15 countries (both from the national level and from target cities in these countries) from each region. It has been considered that 7 of these representatives will be men, while 3 will be women.

297 Finally, Activity 2.1.4.3 plans to Organize municipal financing sessions with Around 20 attendees per regions are expected in these municipal financing sessions. It is planned that 10 attendees will be men and 10 will be women.

298 Total no. of people trained: It has been considered that 933 persons by country will be trained, 684 will be men, and 249 should be female.

Innovativeness, sustainability and potential for scaling up

Innovation

299 The concept of the project is to recognise that the target cities' access to CCA finance at present essentially comes from DFI sources and that a large number of barriers prevent the target cities from tapping into innovative private finance opportunities. These barriers can be addressed only incrementally. The project hence aims to guide the target cities through a carefully designed incremental process that will eventually unlock access to some of these innovative opportunities. Each of the three stages of this process will help the target cities increase the inflow of CCA finance and build a required foundation for the Stage 3 of the process, which is innovative and private sector CCA finance. By going through the process, the city will gradually increase the pool of finance it can confidently tap into.

Stage 1: Concessional instruments: grants and concessional loans obtained through national support

300 Concessional instruments such as grants and low interest rate loans are typically provided to provide technical assistance and capacity building, develop pilot projects and give access to finance at longer and more affordable terms to a city, thereby lowering investment costs and encouraging private investment in climate-resilient projects.

301 Stage 1 is accessible to nearly all the target cities, sometimes directly and most often, through the national support and facilitation. Concessional disbursements come either from national CCA funding mechanisms (which is rare in the target countries) or from international development CCA finance mechanisms. The latter usually take a shape of a technical assistance from UN agencies, grants under UNFCCC adaptation funds – Adaptation Fund, Green Climate Fund (for example, Readiness support grants) GEF (for example dedicated funds such as the Least Developed Countries Fund (LDCF) or the Special Climate Change Fund (SCCF).

302 For climate change adaptation activities, **grants** are normally provided for non-revenue generating activities in recipient countries/cities, such as knowledge management programs, capacity building programs, ongoing activities that do not generate financial returns, and technical and costing plans, among other projects. Grants are used to help capitalize the financial mechanisms related to climate change adaptation. Now as public actors are seeking to build strong enabling environments and undertake demonstration projects for sustainable investment across a range of sectors, grants represent a larger share of increase in climate finance. For instance, according to a CPI report, annual grant finance averaged USD 29 billion (5% of total flows) in 2017/2018 compared to USD 18 billion (4%) in 2015/2016 and USD 13 billion (3%) in 2013/2014 (CPI, 2019).

303 DFI enhance investments through **concessional loans** which are characterized by longer repayment terms and lower interest rates, among other terms preferable to market rate loans and equity. Multilateral development banks such as the World Bank (WB), the African Development Bank (AfDB), the Asian Development Bank (ADB), and bilateral development banks such as the German KfW (German Development Bank), AFD (French Development Agency), Japan International Cooperation Agency (JICA) are major investors to the LDCs and SIDS.

304 For example, the Inter-American Development Bank (IDB) utilized concessional climate change loans in the form of budgetary support provided to Mexico, Peru, Colombia, Guatemala, Trinidad and Tobago and El Salvador, among others, totalling USD 2 billion in the period of 2008-2013 (IDB, 2013).

305 Concessional loans or market-rate debt was the financial instrument used to channel the most climate finance in 2017 and 2018, averaging USD 316 billion annually.

306 While these instruments are not only accessible to, but also specifically designed for the target countries, the target cities still do not access as much of these funds as they could. In order to tap into these instruments effectively, the target cities however need to acquire the following knowledge and skills:

307 Ability to assess climate risks and identify priority CCA interventions and projects,

308 Awareness and understanding of these instruments, as well as of **modalities** to access them,

309 Knowledge and capacity to prepare **project proposals** through the national system and with the national support,

310 Effective coordination with the national government and its key entities in charge of channelling such funds into the country for specific line activities such as CCA in cities,

311 Familiarity with **project bundling** at the regional or the national level to minimise the transaction cost for the funder.

312 In Stage 1, the target cities will hence need to gain this knowledge and skills.

313 A successfully passed Stage 1 is characterised by the target cities capable of attracting larger amounts of concessional development CCA finance, a consequently enlarged CCA finance pool, CCA projects under implementation and, eventually, a more climate resilient city ready to absorb non concessional financial instruments.

Stage 2: Intermediate innovative CCA financial mechanisms: blended finance and de-risking modalities

314 Stage 2 taps into activating blended finance and de-risking some innovative CCA finance opportunities, such as national banks' loans.

315 Blended finance is commonly defined as a strategic use of development finance to mobilise commercial capital and investments. Blended finance can be enacted in two manners:

316 Funding obtained from Stage 1 contributes to improving the city's climate resilience as well as its climate adaptation and response capacity. This, in turn, **makes the municipal economy less risky and more attractive to investors**.

317 DFI funding is mixed with private loans or investments to mitigate the risks for the latter and thus increase their willingness to proceed.

318 **Blended finance** adds de-risking grant or concessional funds to a blend of commercial debt instruments to provide a package of finance with less risk for the commercial funder and more attractive terms for the borrowing entity to meet the project finance needs. More specifically, CPI defines blended finance as 'the use of public/philanthropic funds to mobilize multiples of additional private capital'. The focus is on the use of 'concessional' capital - that is, capital that is extended at below market terms - both directly within the financing structure of an investment (or, the 'capital stack') and indirectly by using concessional capital to catalyse investment (e.g., through the use of a guarantee or a grant for project preparation).

319 Blended finance instruments may include:

320 Direct Investment: Debt or equity instruments with direct contribution into a blended finance vehicle (e.g., project or fund). Example: 1) Junior/ subordinated capital (e.g., concessional equity & debt) and 2) Commercial capital (catalytic when used for demonstration effect, also known as 'anchor capital')

321 Guarantees: Generally, a 3-party agreement where a third party provides an extra layer of protection to the commercial lender or to the beneficiary of a service, such as a debt service, in case the entity who would normally repay or provide a service fails to do so. Example: 1) Loan guarantees 2) Performance guarantees

322 Hedging instruments, swaps and derivatives: Contractual instruments to help manage different types of risks faced by an investor or borrower. Example: 1) Local currency hedges/swaps 2) Securitization

323 Insurance: A 2 party contract between the insurer and the policy holder. The insurance provider promises to provide financial compensation in the instance of an event that results in a financial loss. At Stage 2, insurance fees could be covered by a DFI partner. Example: 1) Political risk insurance 2) Performance insurance

324 Commercially oriented preparation support: Grant or concessional funding provided specifically to address early-stage development risks. Example: Project preparation funding or technical assistance (CPI, 2018).

325 De-risking support is likely to increase private sector investment into climate change adaptation projects in the target countries and cities. This mechanism will help also them assess the barriers and risks the private sector (MNCs, MSMEs, capital providers/investors and market facilitators) face when investing in CCA and/or in infrastructure projects calling for a climate resilience component, identify and assess adaptation strategies to de-risk and remove barriers to investment, and undertake a cost-benefit analysis to select a mix of instruments that will maximize economic and social benefits of the project.

326 The instruments above are not yet a business-as-usual practice in CCA finance, however successful precedents have taken place in a number of developing countries in climate mitigation finance, in particular in the clean energy sector. For example, **KyrSEFF+** is one such an initiative, which can serve as an example. Launched in Kyrgyzstan in 2016, this USD 35 million financing programme, developed by the European Bank for Reconstruction and Development (EBRD), provides energy and water efficiency related loans through local banks and blends these loans with grant incentives of up to 35% as well as technical assistance, provided by the EU-IFCA fund. For example, commercial and private investors can seek support and advice from the KyrSEFF+ team of engineers to identify the most suitable technology solution for their energy and water resource efficiency investment. The program has windows for both companies and individuals.

327 Finally, **National Development Banks (NDB)** are well positioned to provide for CCA finance at the municipal level given their national development mandates. World-wide, NDB hold more than USD 5 trillion in assets. NDB could therefore be explored as key partners in this project, receive training and get associated to different steps of implementing the municipal financial toolkit. As an example, the Brazilian Development Bank (BNDES) identified 4 priority areas for infrastructure investment: electricity generation, sanitation, urban mobility, and railroads. The bank provides specific financing lines for municipalities to fund urban infrastructure (e.g., sanitation, drainage, mobility, and public lighting).

328 A successfully passed Stage 2 leaves the target countries with an awareness of blended finance opportunities for CCA and, ideally, steps undertaken to negotiate this type of finance with the support of DFI finance and technical assistance. Target cities have built experience on identifying and applying for dedicated credit lines, insurance mechanisms and other blended finance opportunities. This experience becomes instrumental to explore Stage 3.

Full-fledged private sector related innovative CCA financial mechanisms

329 Stage 3 consists in bringing the target city to a capacity and a municipal fiscal preparedness that allow it to approach private financiers with a fair chance of success. While the closing of Stage 3 may not be reached within the project time span, solid foundations can be set. This is why Stage 3 focuses on dispensing preparatory activities, some of which can be conducted in parallel with the activities undertaken in Stages 1 and 2.

330 At this stage, the municipality works on establishing an enabling institutional investment grade by increasing its trustworthiness and creditworthiness. To achieve this, it works on enlarging the municipal revenue base and capacity (e.g. it improves local tax collection system, utilises land value capture), it improves its capital expenditure planning, demonstrates sustained commitment to improving the city's infrastructure and increasing its climate resilience, mainstreams CCA into regular infrastructure projects, aims to a fiscal margin and operating margin surplus (revenues are higher than expenditure), coordinates with the national government on a potential access to sub-sovereign transactions and conducts a rating procedure, or partners with the national government to attract innovative financial mechanisms through the country's own borrowing capacity and credit rating, and identifies projects which can generate a return on investment for the municipality directly (direct pay back from the project) or indirectly (quantified anticipated surplus of tax collection, quantified avoided payment for damages and repair, quantified input to an increased economic attractiveness, etc).

331 The following innovative financial mechanisms can be targeted at this Stage, among others:

CCA Bonds

332 The global green bond market **grew by over 50 % from 2018 to 2019 to almost US\$ 260 billion**, which is over 8 times the amount of currently available public CCA finance. This instrument could hence greatly increase a city's CCA finance pool provided that they possess a solid credit rating or that its country possesses one and is willing to issue a bond on behalf of the city.

333 In general, a bond is a debt instrument through which the issuer of the bond repays the bond holder the principle at a specified end date as well as interest payments throughout the term of the bond. Most bonds are fixed-income, meaning that they pay the interest back to the investor at set intervals, but interest payments can be variable. To maintain low levels of risk, investors wish to have confidence that the debt will be repaid from the issuers or the project's revenue streams. As financial instruments, most green bonds are structured in the same way as typical investment grade, or low risk, bonds.

334 The main difference between a green bond and a regular bond is that the issuer will include a 'use of proceeds' clause that states that the financing will be used for green investments. This means that the issuer commits to using the funds raised by a green bond to finance or refinance

assets or projects that have been determined to be green, rather than treat the funds as general working capital. A similar approach can be taken to issue a CCA bond, more specifically targeting CCA.

Insurance schemes

335 For green investments, public investors can use risk management instruments, such as guarantees and insurance, as tools to address the most prevalent market risks associated with the project.

336 Insurance can be a key tool in reducing vulnerability and promoting resilience. It is most useful for the developing countries which are most vulnerable to climate disasters. High insurance coverage helps recover faster. Increasingly, governments are recognizing the role and benefits of insurance in transferring risk from disasters. Climate change risks and protection of infrastructure from climate disasters is getting better understood by insurance schemes.

337 The cost of an insurance against a set of climate risks would heavily depend on the assessed level of these risks as well as on the assessed municipality's capacity to mitigate these risks up front. This means that in highly vulnerable target cities the insurance instrument would be tapped into through a development finance support at an earlier stage and through a commercial arrangement only at Stage 3 of the process when the city has already implemented a number of climate resilience activities and improved on its fiscal health to the extent of reaching the capacity to pay the insurance fees.

338 Using insurance is a step towards risk management, and it strengthens socio-economic resilience under a changing climate. Furthermore, insurance and other disaster risk financing mechanisms are only part of the solution where they need to be integrated into other resilience and adaptation measures as part of a comprehensive climate adaptation strategy.

PPP (Public Private Partnership)

339 A Public Private Partnership (PPP) is a very promising instrument in which the public sector and private sector jointly provide a public service, in which the private party bears a significant portion of the cost, risk and management responsibility. The public sector however also takes on a number of responsibilities to facilitate the implementation of the project. The remuneration is based on the performance. In climate related structures, this form of financing is increasingly being explored to fund and support the small and medium size cities to benefit from such practices.

340 For PPP to take off successfully, the target municipality needs to have reached a level of maturity in which it shows itself as sufficiently trustworthy in fulfilling its obligations under a PPP contract, it has the capacity to sign such a contract, to assess public benefits to derive from a PPP project, and to monitor the private partner's performance.

Private sector borrowing CCA funds

341 In LDC and SIDS, private companies' investment grade is often below the national investment grade, a fortiori for companies located in small and medium size cities. It is hence unlikely that such companies will be able to tap into market CCA financial instruments until the city itself has improved its creditworthiness.

Crowd source funding

342 Crowd source funding is a relatively recent phenomenon whereby a large number of individuals pool their financial contributions to support efforts, projects or campaigns initiated by an entity, typically via an internet-based platform. This instrument may prove very successful for targeted CCA interventions with direct benefits to the citizens. As the PPP instrument, it requires a high level of trust in the municipality to function. It is hence a Stage 3 instrument, where Stages 1 and 2 have helped the target municipality build the required level of trust.

343 In a successfully performed Stage 3, the target municipality reaches a level in which it has increased its trustworthiness and creditworthiness through a number of actions undertaken to increase the city's climate resilience and in which it now actively explores innovative financing instruments to pursue further climate resilience action.

-

Sustainability

344 The municipal financing toolkit developed in Component 1 will allow cities to produce and update their climate sensitive capital expenditure plans on a yearly basis. By adopting a systematic approach, municipal officials of the target cities will be able to prioritize their infrastructure investment needs, identify key investment projects and match them with financiers accessible at each specific stage of the project. Sustainability analysis will focus on environmental, social and financial aspects of urban resilience plans based on adaptation technologies.

345 *Financial sustainability* - All the components and outcomes aimed at through the project will become an integral part of the 3 countries' regular working frameworks. It is expected that allocated budget will be provided to the 3 pilot countries for carrying out the related activities. The present lack in the innovative climate change adaptation financing and gap in the new approaches to climate change adaptation processes will be fulfilled through these funds and thus will support the municipal governments in implementing CCA actions.

346 *Institutional sustainability* ? The tools and capacity building activities planned under the project will create an enabling environment in the target cities and countries, which will remain in place and continue functioning beyond the project's duration.

347 *Policy level and social sustainability* ? The municipal financing toolkit will become an integral part of the targeted national and municipal governments' regular activities. Monitoring and evaluation tools will also be integrated as part of the activities in the 3 pilot cities.

348 *Environmental sustainability* - The project does not have any initiatives harming the environment. On the contrary, it will encourage climate change adaptation and technologies related to it. No such adaptation technologies would be proposed which would directly or indirectly harm the environment in any way.

Potential for scaling up

349 The tools and methods to be developed under the project will be made available to all LDC and SIDS countries which the implementing and executing partners interact with. The CTCN network and data management system, regarded as the global largest repository for climate change technology data, will incorporate the outcomes of the project, which will greatly contribute to a global dissemination. In addition to making the toolkit publicly available on the CTCN website,

through its annual regional forums, its network of NDEs, GEF Operational focal points, and its network of over 500 organizations across the world, the CTCN will promote this approach at national or sub-national levels.

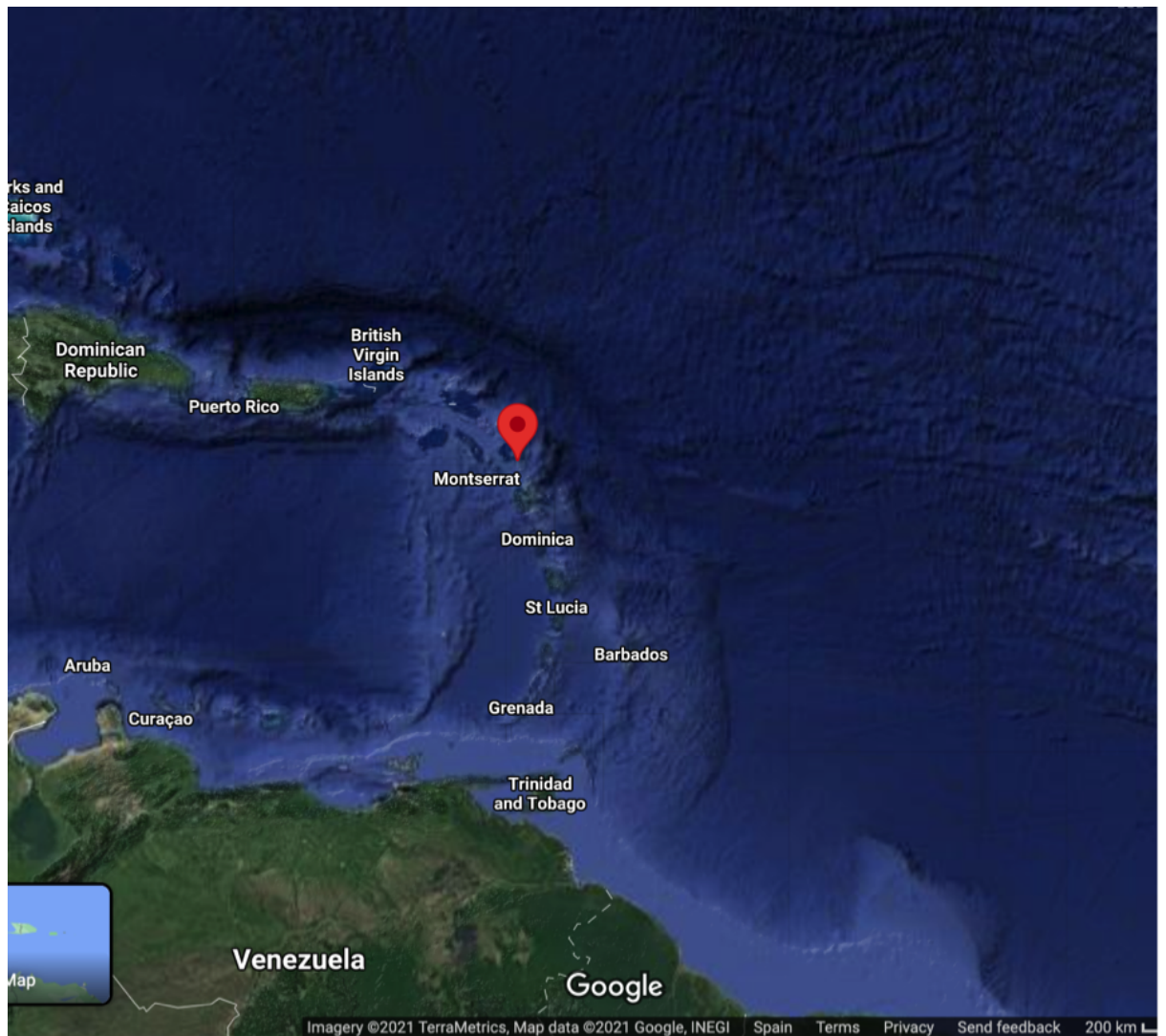
350 In particular, the CTCN will carry out the following scaling up activities:

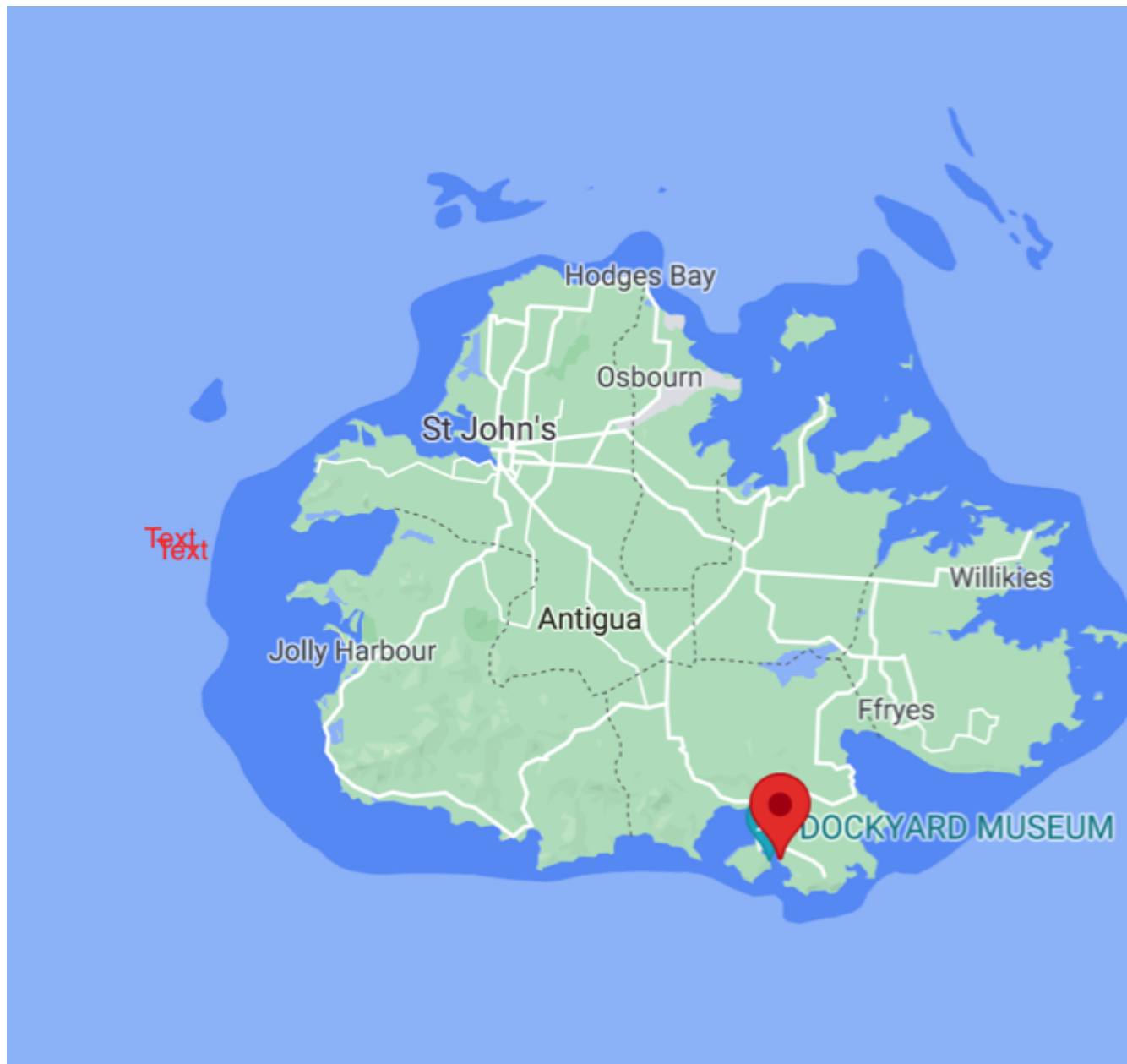
- Holding a webinar on CCA finance for the target cities (expected reach out: 500 participants).
- Featuring the project in the CTCN newsletter.
- Presenting lessons learned and good practices at the margins of UNFCCC meetings (expected reach out: 200 people).
- Presenting lessons learned and good practices during the private sector match-making initiatives organized in the regions.

1b. Project Map and Coordinates

Please provide geo-referenced information and map where the project interventions will take place.

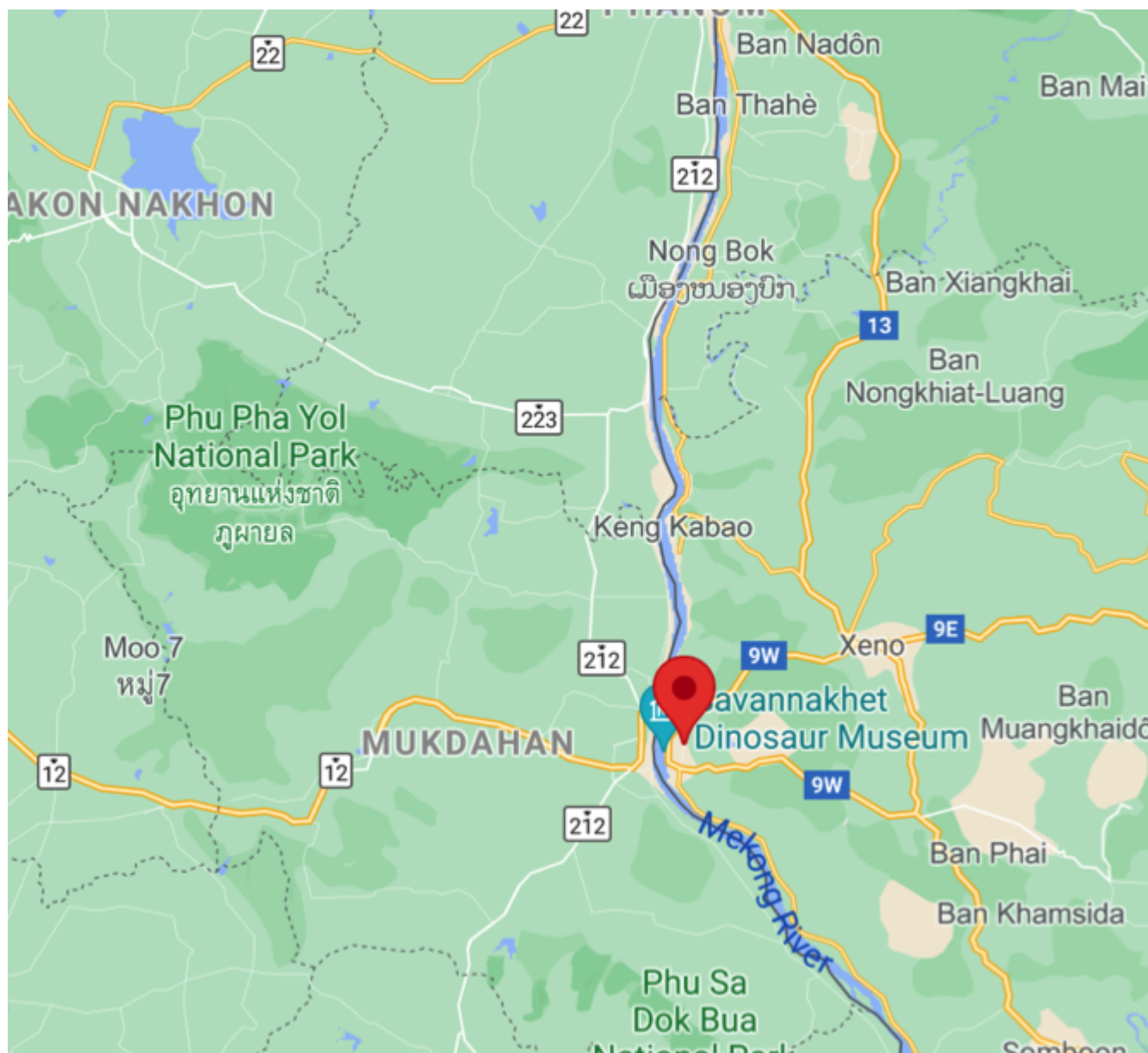
? English Harbour Town in Antigua and Barbuda
Coordinates: 17°00'N 61°46'W

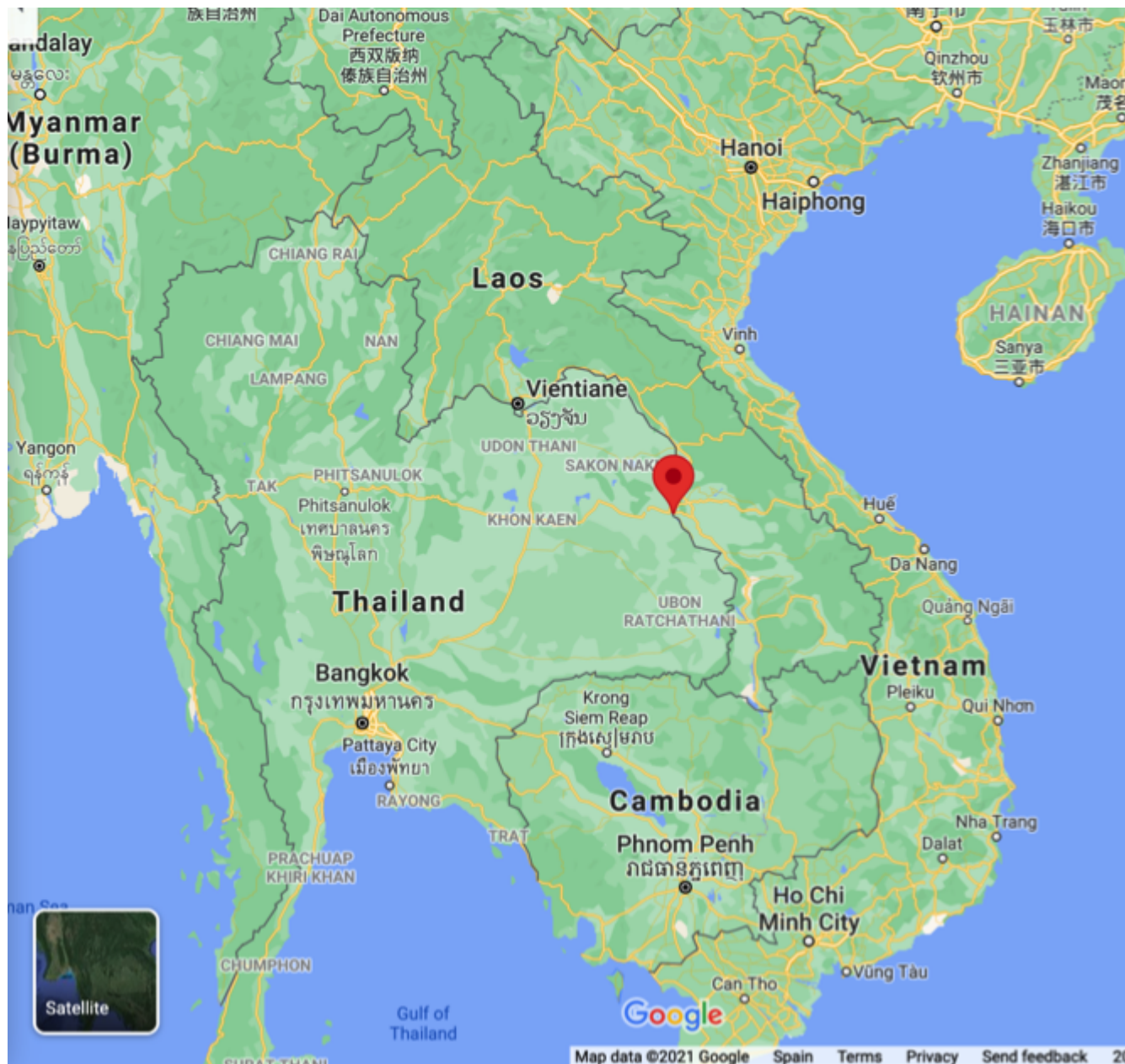




? Savannakhet in Lao PDR

Coordinates: 16.54°N 105.78°E

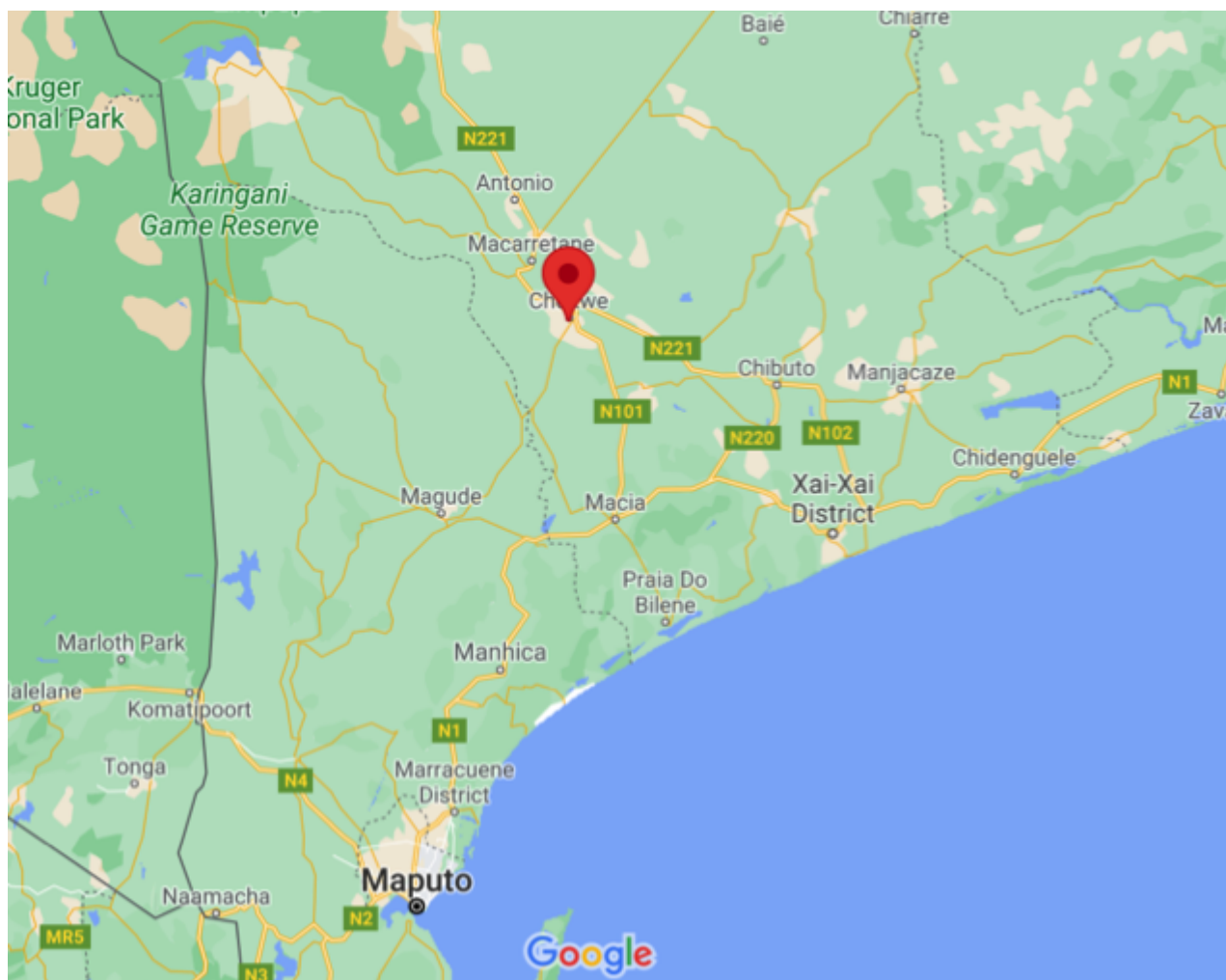




? Chokwe in Mozambique

Coordinates: 4°31'31"S 33°0'31"E





1c. Child Project?

If this is a child project under a program, describe how the components contribute to the overall program impact.

N/A

2. Stakeholders

Select the stakeholders that have participated in consultations during the project identification phase:

Civil Society Organizations Yes

Indigenous Peoples and Local Communities

Private Sector Entities No

If none of the above, please explain why: No

Please provide the Stakeholder Engagement Plan or equivalent assessment.

See attached document Annex H

In addition, provide a summary on how stakeholders will be consulted in project execution, the means and timing of engagement, how information will be disseminated, and an explanation of any resource requirements throughout the project/program cycle to ensure proper and meaningful stakeholder engagement

Antigua and Barbuda
Stakeholder mapping and potential roles
Further information could be found in Annex H.

Stakeholder	Relevant department	Description	Potential role in the project
National Level			
Ministry of Health and Environment		Coordinates environmental matters in the country	
	Department of Environment (DOE)	Responsible for sustainable environmental protection and management in Antigua and Barbuda, including the implementation of various multilateral agreements on environment and climate change NDA to the GCF NDE to the CTCN GEF Operational focal points Established the Sustainable Island Resource Financing Fund (SIRF Fund). The purpose of the SIRF Fund is to provide financing to implement the Environmental Protection and Management Act (2019) in a coordinated, systematic and cost-effective manner.	Support climate risk knowledge development and coordinate mainstreaming of climate change into the municipal level Coordinate collaboration and coordination with other ministries Facilitate access to GCF finance
Meteorological services		Collects meteorological data	Support future climate risk assessment
Ministry of Foreign Affairs		National focal point to the GEF	Facilitate access to GEF finance
Ministry of Agriculture, Housing, Lands & Environment	Environment Division	National focal point to the UNFCCC	Observer into project's progress and help align the project with the country's UNFCCC commitments
Ministry of Finance		Coordinates the national budget, fiscal policy and all sovereign loans	Facilitate city's access to DFI CCA finance

Ministry of Economy, Trade and Industry		Responsible for the country's economic and industrial policies, external economic policy, infrastructure, Information and distribution/service policy, SME and regional economic policy, energy and environment policy, safety and security.	Support project's steps related to fostering the overall economic development of the country
Ministry of Housing, Land and Urban renewal		Responsible of housing permissions, land and urban development in the country.	Support mainstreaming of climate change adaptation at the municipal level Disseminate the municipal financing toolkit to small and medium size cities in the country
Municipal level ? The English Harbour Town			
		No information available online. Interviews with the 3 cities were intended during the preparation of the proposal but couldn't been organized.	

Lao PDR

Stakeholder mapping and potential roles

Stakeholder	Related department	Description	Potential role in the project
National Level			

National Steering Committee on Climate Change (NSCCC)		<p>Chaired by the Deputy Prime Minister, NSCCC is the high-level body providing policy guidance on climate change policies. The NSCCC oversaw the preparation of the National Strategy on Climate Change and the integration of climate change issues into the 7th five Year National Socio-Economic Development Plan (NSEDPP). The line ministries involved in NSCCC are:</p> <ul style="list-style-type: none"> ? Ministry for Agriculture and Forestry (MoAF) ? Head of the Water Resources & Environment Administration ? Ministry for Planning and Investment 	<p>Support adoption of required climate change policies and regulations</p> <p>Support project implementation through strategic guidance and coordination with key ministries</p>
Ministry of Natural Resources and Environment (MoNRE)		<p>Prime authority and coordinating agency for climate change at the national level. It coordinates climate change action and implements climate change related activities through its provincial directorates.</p> <p>National focal point to UNFCCC</p> <p>National focal point to GEF</p> <p>NDA to the GCF</p> <p>NDE to the CTCN</p>	<p>Lead the project efforts at the national level</p> <p>Facilitate access to GCF and GEF finance</p>

	Department of Climate Change (DCC)	<p>Serves as the secretariat of the National Steering Committee on Climate Change.</p> <p>Guides and supports climate change adaptation planning and climate change mitigation.</p> <p>Cooperates with different levels of government on improving policies, strategies, programmes, work plans, and legislations related with natural disaster and climate change management.</p> <p>Responsible for implementing national climate change related directions, policies, resolutions, orders, strategies, laws, and legislations of Lao PDR's government.</p>	
	Department of Meteorology and Hydrology	Collects meteorological and hydrological data	Support future climate risk assessment
	Department of Environment	Responsible for Environmental Impact Assessments. Both the Initial Environmental Examination (conducted under the responsibility of PONRE) and the Environmental Impact Assessment processes require an inclusion of CCA matters.	

Ministry of Planning and Investment (MPI)		Following MoNRE introducing disaster risk management and climate change into the country's Vision 2030, Strategy 2025 and Action Plan 2020, the MPI, with the World Bank's support, decreed climate and disaster risk considerations in the public investment review process. (A climate change and disaster management law is currently being developed, together with a new five-year National Strategic Disaster Risk Management Plan.)	
Ministry of Finance (MOF)		Responsible for managing debt, coordinating sovereign loans and conducting fiscal policy. Overlooks all kinds of sovereign finance, including climate finance , foreign direct investments with climate benefits and carbon markets.	Facilitate city's access to DFI CCA finance Facilitate city's enlarged sub-sovereign fiscal authority and obtention of cities or province's credit rating Support identification of policies and regulations required to increase the target city's creditworthiness
	The State Reserve Fund, established in 2013	3 % of the annual expenditure budget is dedicated to finance disaster risk reduction and climate resilience	
Ministry of Economy, Trade and Industry		Responsible for economic development related strategies and their implementation Promotes development of trade and industry	Support project's steps related to fostering the overall economic development of the country with the view of improving the country's and/or the city's creditworthiness Support private sector engagement
National development banks			

Bank of Lao PDR		Implements policies related to improving the banking sector and supporting the State-owned commercial banks including Lao Development Bank.	Potentially support a climate change adaptation credit line mechanism
Lao Development Bank (LDB)		Lao Development Bank (LDB) is a State-owned commercial bank with 100% capital owned by the Ministry of Finance (MOF) operating under the supervision of the Bank of Lao PDR. LDB contributes to the implementation of the State policies and guidelines to stimulate the national socio-economic development.	Potentially support a climate change adaptation credit line mechanism
Sub-national level			
Provincial Office of Natural Resources and Environment (PoNRE)		Coordinate's climate change at the sub-national level. Coordinates provincial offices as well as the District/City Office of Natural Resources and Environment on climate change related activities including promoting policy, collecting data and M&E.	Support mainstreaming of climate change adaptation at the municipal level Disseminate the municipal financing toolkit to small and medium size cities in the country
Municipal level - Municipality of Kaysone Phomvihane and Province of Savannakhet			
Provincial Government of Savannakhet		Management of the urban sector is essentially conducted done by the provincial government and direct representatives from line national ministries and/or departments. The Provincial Department of Public Works and Transport (DPWT) is one of the Government's line departments that supports the Province in the formulation of plans and programs as well as in the implementation of local development activities.	Considering a centralized governmental structure in Lao PDR, the provincial government is an important stakeholder for all municipal level activities. As such, provincial level officials need to be integrated into all the project's activities along with municipal officials.

	Savannakhet Office of Planning and Investment	Responsible for the implementation of climate change projects in the provincial capital of Kaysone Phomvihane.	
	Savannakhet Office of Public Works and Transport	Responsible for public infrastructure development, especially road networks. The Office has received basic training on climate change and has intended to integrate climate change and disaster risk reduction into design of infrastructure projects	
Municipality of Kaysone Phomvihane		Responsible for the city's coordination and daily activities.	Direct beneficiary of the project
Kaysone Phomvihane Urban Development Administration Authority (UDAA)		Stands at a level equivalent to a provincial department and has the right to formulate urban sector management and development plans within the urban area of Kaysone Phomvihane District.	Direct beneficiary of the project
Regional initiatives			
Mekong River Commission	Climate Change and Adaptation Initiative (CCAI)	Collaborative regional initiative of the Lower Mekong Basin countries (Cambodia, Lao PDR, Thailand and Vietnam) aiming to support adaptation to the impacts and new challenges posed by climate change through improved planning, implementation and learning.	

Mozambique

Stakeholder mapping and potential roles

Stakeholders	Responsible departments	Description	Role in the project
National Level			

Ministry for the Coordination of Environmental Affairs (MICOA)		<p>MICOA is responsible for the overall coordination of governmental environment related activities. Its main functions are: (i) promoting conservation and sustainable use of the country's natural resources, and (ii) promoting environmental policies and strategies to be integrated into sectoral development plans. There are 4 directorates under MICOA:</p> <ul style="list-style-type: none"> ? National Directorate of Environmental Management ? National Directorate of Territorial Planning ? National Directorate of Environment Impact Assessment ? National Directorate of Environmental Promotion 	
Ministry of Land and Environment	National Direction for Climate Change.	National focal point to the GEF National focal point to the UNFCCC NDE to the CTCN	Lead the project's efforts at the national level Facilitate access to GEF finance
Ministry of Planning and Development		Responsible for urban development	Support mainstreaming of climate change adaptation at the municipal level Disseminate the municipal financing toolkit to small and medium size cities in the country

Ministry of Economy and Finance		Coordinates interaction with international development support agencies, manages sovereign loans, debt and fiscal policy. NDA to the GCF	Support project's steps related to fostering the overall economic development of the country with the view of improving the country's and/or the city's creditworthiness Facilitate city's access to DFI CCA finance Facilitate city's enlarged sub-sovereign fiscal authority and obtention of cities or province's credit rating
Ministry of Public Works and Housing (MOPH)		Responsible for building codes, housing development strategies and capital investment in water and sanitation.	
Ministry of State Administration		Includes the National Institute of Disaster Management (INGC) and the National Directorate for Municipal Development . Both entities are highly relevant for the project implementation.	Lead the project's efforts at the national level
Ministry of Science and Technology		Overlooks development of innovative and sustainable solutions/technologies for climate change adaptation.	Support identification of innovative CCA solutions at the city level
Institutes			
National Disaster Management Institute		Responsible for developing plans and strategies for climate change adaptation and mitigation	
National Institute for Hydrography and Navigation (INAHINA)		Responsible for the deployment and maintenance of tide-gauge stations, as well as for the acquisition, processing, archiving and dissemination of sea-level data	
National Institute of Meteorology (INAM)		INAM is part of the Ministry for Transportation and Communication (MTC). Collects meteorological data at the country level	Support future climate risk assessment
National development banks			

Mozambique Development Bank		The National Development Strategy, which aims to ensure the implementation of the Agenda 2025, identifies the establishment of the Mozambique Development Bank (MDB) as a key step to accelerate the country's industrialisation process. The MDB would also operate as a guarantee fund and an interest rate equalization fund.	Potentially support a climate change adaptation credit line mechanism
Municipal level - Chokwe			
Municipal Directorate for Urban Planning and Environment		In charge of climate change, urban planning and urban development matters. The Department of Urbanization and Infrastructures and, under it, the Service of Urbanization and Infrastructures, act at a community level and are responsible for enacting disaster risk management	Direct project beneficiary

Select what role civil society will play in the project:

Consulted only; Yes

Member of Advisory Body; Contractor;

Co-financier;

Member of project steering committee or equivalent decision-making body;

Executor or co-executor;

Other (Please explain)

3. Gender Equality and Women's Empowerment

Provide the gender analysis or equivalent socio-economic assesment.

Please see Annex I for further details.

Women in developing countries are disproportionately vulnerable to climate change risks. According to a research paper, poor women are 14 times more likely to die from a climate disaster

than men (Kibria, 2016). Being primary caretakers of households, children and the elderly, women are often not able to leave vulnerable areas as easily as men. Women are also more likely to get affected by climate change effects. For example, over 70% of those displaced by floods in Pakistan in 2010 were women and children. A limited access to information on climate induced disasters and a limited decision-making power compared to men significantly reduced women's safety. The Paris Agreement has made specific provision for the empowerment of women, recognising that they are disproportionately impacted by climate change.

UNIDO recognizes that gender equality and the empowerment of women are not only a human right but also have a significant positive impact on sustained economic growth and inclusive and sustainable industrial development (ISID), which are drivers of poverty reduction, social integration and environmental sustainability.

Moreover, studies have indicated that gender equality has a multiplier effect on equality and enhances development across SDGs (UN Women/ UNDP 2019, IISD 2019): For instance, a greater proportion of women in positions of political authority is associated with fewer carbon dioxide (CO₂) emissions, a higher possibility of ratification of environmental treaties, more land protection and higher recycling rates. (UN Women/ UNDP 2019). Gender equality seems to enhance climate action and resilience since women's representation in politics leads to more stringent climate action.^[1]

If empowered, women can play an important role in the transition to a green and climate resilient economy and can drive climate change adaptation, responsible consumption and production behaviors as well as pioneer a culture of circularity at many levels and in many countries ? as consumers, entrepreneurs, innovators, investors, policy makers and designers.

Therefore, the project will mainstream gender dimensions across all project activities, in order to address the importance and high gender differentiated roles in the targeted sectors.

The importance of gender considerations in climate innovation and technology is included in the CTCN's mission as well as in numerous COP decisions referring to the CTCN and its Advisory Board. To address these considerations, a gender coordinator was established within the CTCN Secretariat. Gender considerations have been incorporated internally via staff trainings on gender, as well as through CTCN services, through technical assistance, knowledge sharing, capacity building and outreach activities.

The project will hence ensure gender sensitivity in the following manners:

? A desk-based gender analysis has been conducted. During project inception this gender analysis will be validated, in particular the baseline and targets for gender targets, based on which a gender mainstreaming action plan will be developed. Monitoring and reporting on the gender mainstreaming action plan will be an integrative part of the project M&E framework.

? Gender sensitive engagement and recruitment will be undertaken at all levels, especially during the process of the project staff's selection. Gender sensitive TORs will be developed to encourage women to apply.

? Participating national stakeholders' staff will be sensitized to the importance of gender in climate change adaptation.

? Stakeholder consultations will be done ensuring that women and men can equally lead and participate in the consultations.

? Decision-making processes will consider gender dimensions.

? Workshops and capacity building activities will ensure a balanced gender representation at both managerial and technical levels.

? All documents and publications will include gender-sensitive information and will be gender responsive.

? Overall, the project will ensure that women can equally lead, participate in and benefit from all the project's benefits.

The gender mainstreaming strategy and gender action plan will build upon respective national policies and programmes in the participating countries and cities, listed below:

Antigua and Barbuda

Antigua and Barbuda has a strong legal foundation for gender equality in its Constitution. It guarantees protection from all forms of discrimination, including gender-based discrimination. In addition, the following national documents support gender equality and the empowerment of women:

- ? The Strategic Action Plan to End Gender-based Violence Antigua and Barbuda, 2011-2015
- ? Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) ratified in May 1989, Optional Protocol in May 2006
- ? Equal Remuneration Convention 1951 ratified in 2003

Lao PDR

- ? The National Strategy for Gender Equality, 2016-2025
- ? National Development Plan for Gender Equality, 2016-2020
- ? Law on Preventing and Combatting Violence against Women and Children, 2014
- ? Law on Development and Protection of Women, 2004

Mozambique

- ? Climate Change and Gender Action Plan (Phase 2), 2014
- ? Gender, Environment and Climate Change Strategy and Action Plan, 2010
- ? Law on Domestic Violence, 2009
- ? Revised Constitution, 2004:
 - o Article 35 stresses on universality without discrimination (including sex),
 - o Article 36 promises gender equality,
 - o Article 122 stipulates promotion and support for women's participation, role, and empowerment in all spheres of the country's political, economic, social and cultural life
- ? Advancement of Women and Gender Equality Policy and its Implementation Strategy (PGEI), 2002

A detailed description on the potential role of the stakeholders involved and their actions related to gender equality and mainstreaming gender into national and local strategies and programs/plans at national and local level are included in the table below:

Antigua and Barbuda

Gender stakeholder mapping

Stakeholder	Related department	Description	Potential role in the project
National Level			
Ministry of Social Transformation and the Blue Economy	Directorate of Gender Affairs (DoGA)	Provides guidance and support to governmental organisations, NGOs, civil society and faith-based organisations on matters related to gender and development.	Support and mainstream gender sensitivity within the project
NGO			
Caribbean Women in Leadership (CIWIL)		Monitors, strengthens and increases women participation in decision-making processes through advocacy, networking, research and capacity building initiatives.	Support in increasing women participation in decision-making processes during the project implementation
Island Women Open Network (IWON)		The Sustainable Energy and Climate Resilience Initiative (SIDS DOCK) in partnership with the United Nations Industrial Development Organization (UNIDO) and the regional organizations is coordinating the Island Women Open Network.	

International organisations working on mainstreaming gender in the country are: International Organization for Migration (IOM), United Nations Development Fund for Women (UNIFEM), UN Women

Lao PDR Gender stakeholder mapping

Stakeholder	Related department	Description	Potential role in the project
National Level			
National Commission for the advancement of Women (NCAW)		Formulates and implements national policies on women empowerment, monitors the implementation of these policies and of the Beijing Platform for action.	Support and mainstream gender sensitivity within the project

	Sub-Committees for the Advancement of Women (Sub - CAW)	Sub CAW units have been established throughout the country, across Ministries and State organizations, at the provincial and capital administrative levels, creating a broad network of gender focal points.	Support and mainstream gender sensitivity within the project
Lao Women's Union		Implements laws, policies and other national plans related to development and protection of women's rights.	Support and mainstream gender sensitivity within the project
Lao National Radio Station		GoL supports a number of initiatives to mainstream gender concerns into the media.	Broadcasts ethnic language programs that could be used to promote gender empowerment messages.
NGO			
Gender Development Association (GDA)		Focus on development of both men and women in partnership with international organisations	Support and mainstream gender sensitivity within the project
Lao Youth Union		Aims to increase the knowledge and awareness of gender equality among adolescents and youth, including at a community level	Support and mainstream gender sensitivity among the youth within the project

International organisations working on mainstreaming gender in the country: ADB, AusAID, EU, JICA, UN Women

Mozambique Gender stakeholder mapping

Stakeholders	Responsible departments	Description	Role in the project
National Level			

Ministry of Women and Social Action (MMAS)		Develops and coordinates implementation of gender, child sensitive and social action policies	Support and mainstream gender sensitivity within the project
National Council for the Advancement of Women (CNAM)		Consultative body. Implements gender policies and, in particular, the National Plan for the Advancement of Women and national gender strategy.	Support and mainstream gender sensitivity within the project
National Directorate for Women (DNM)		Advises on gender policies and facilitates gender mainstreaming.	Support and mainstream gender sensitivity within the project
	Department for Women and Family	Designs and promotes implementation of social assistance programmes targeting vulnerable women and families (especially female headed households). Conceptualizes civic education programmes to disseminate information on women's rights and the prevention of domestic violence.	Support and mainstream gender sensitivity within the project
	Department for Gender and Development	Monitors the extent to which gender concerns are adequately integrated (mainstreamed) into the government's sectoral plans. Facilitates the implementation of the National Post-Beijing Plan of Action (PNAM). Coordinates and implements advocacy campaigns on women's rights. Promotes the implementation of legislation that protects women's rights.	Support and mainstream gender sensitivity within the project
NGO			
Forum Mulher		Facilitates coordination among organisations dedicated to women's rights, women's economic and political empowerment nationwide. Provides technical training and support in gender analysis, mainstreaming and advocacy.	Help mainstream gender into the training on the municipal financing toolkit
Donor agencies			
Gender Coordination Group (GCG)		It groups most of the multilateral and bilateral donors and has expanded its membership to include civil society (i.e., Forum Mulher) and governmental agencies.	Support and mainstream gender sensitivity within the project

[1] <https://www.nature.com/articles/s41467-020-19856-w>,
<https://doi.org/10.1016/j.ejpoleco.2018.08.001>,
https://www1.undp.org/content/seoul_policy_center/en/home/sustainable-development-goals/goal-5-gender-equality.html, <http://www.mci.partners/blog/2018/9/24/there-is-growing-evidence-that-womens-empowerment-and-gender-equality-has-a-multiplier-effect-on-families-communities-businesses-and-sustainable-economies>, <https://sdg.iisd.org/news/undp-un-women-present-evidence-on-gender-equality-as-sdg-accelerator/>, <https://www.undp.org/publications/gender-equality-accelerator-achieving-sdgs>

Does the project expect to include any gender-responsive measures to address gender gaps or promote gender equality and women empowerment?

Yes

Closing gender gaps in access to and control over natural resources;

Improving women's participation and decision making Yes

Generating socio-economic benefits or services or women Yes

Does the project's results framework or logical framework include gender-sensitive indicators?

Yes

4. Private sector engagement

Elaborate on the private sector's engagement in the project, if any.

The long-term objective of the project is to increase the participating countries' and, possibly, cities' creditworthiness and unlock its **access to innovative private financing mechanisms for CCA** to further strengthen the city's climate resilience and help the cities move towards a steady socio-economic development.

The proposed project will formulate innovative business models and investment approaches, seed funding and venture capital approaches to improve access to finance for private sector and enhance the cooperation with Government and non-government institutions, private sector entities, and civil society organizations, financing institutions at the local and international level.

It is expected that the private sector will support the execution of Components 1 and 2.

The proposed project is designed in line with the GEF policy on Stakeholder Engagement that sets out the core principles and mandatory requirements for stakeholders. It aims to bring in the private sector's engagement through consultations, training and involvement into private sector related activities. The private sector will be engaged in prioritizing and finalizing the participating cities' climate sensitive capital expenditure plans. It will be actively engaged into mapping emerging investment opportunities. The private sector will also be considered as a targeted investor into innovative climate change adaptation technologies and as a potential direct recipient of such investments.

Private sector financiers will be engaged during the design and implementation of the Tool 5 (Present selected CCA projects to identified sector financiers). The private sector is also the core beneficiary of activity 2.1.2.2 during which 1 to 2 highest priority project proposals will be prepared in order to be submitted to the private sector to test their interest. The activity 2.1.3.1 will focus on organizing a seminar during which projects ideas will be pitched to selected innovative private sector finance representatives.

Furthermore, through exploring de-risking options, the project will reduce the investment risk currently borne by private sector financiers when investing in adaptation. For many of the undersubscribed investment funds, this will allow for the development of new investment portfolios. Finally, by engaging the private sector in the prioritization and finalization of innovative adaptation investment plans, the project will ensure that the final investment portfolio has been vetted by both the demand and supply side of the investment equation. In doing so it will provide private sector investors with an opportunity to shape investment offerings to ensure that they are fit for purpose.

In the medium-sized cities supported through the project, the private sector will be engaged as a provider of climate change adaptation technologies. New business opportunities for climate resilient approaches and products will be generated providing employment and growth opportunities for local enterprise.

This project aims to assist urban planners in building their capacity to produce and fund climate resilient urban plans. In particular, the project will build an understanding of possible financial tools and mechanisms for climate change adaptation technologies and will build relationships between medium size cities, their private sector, and national and international financial markets and infrastructure funds. In doing so, the project will also increase the awareness of the investment-worthiness of climate change adaptation actions among international financiers while supporting cities to develop financing proposals that meet the needs and expectations of such investors.

5. Risks to Achieving Project Objectives

Elaborate on indicated risks, including climate change, potential social and environmental risks that might prevent the project objectives from being achieved, and, if possible, the proposed measures that address these risks at the time of project implementation.(table format acceptable):

Risks	Impact Level	Potential measures
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Lack of coordination during project implementation	Medium	The project will unfold in an inclusive and participatory manner making sure that all relevant stakeholders are informed and actively engaged throughout the project's duration and facilitating frequent interaction between stakeholders in order to create a favourable environment for inter-coordination.
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**Climate change risk -
Unanticipated climate hazards
during the project**

Medium

All the 3 selected countries and cities are highly vulnerable to the climate change hazards. This risk will be considered during the execution of the project. As mitigation measures, the project will be executed by a network partner of the CTCN, with the support of local partners that will be based in each city. Also, UN Habitat has direct local offices in the 3 selected countries. Thus, should any Climate Change hazards would make impossible for international consultant to travel to the respective countries, the project should still be able to continue its implementation.

Additionally, COVID restrictions have enabled countries to work remotely, and it is already considered that most of the meetings and workshops and trainings could be held online should the local or global sanitary situation required it. This will also have direct impact in case of Climate Change hazards during which, the consultants and the cities will be more capacitated to work remotely that it was the case before 2020.

Last but not least, this project aims to increase the resilience of the 3 selected territories. Thus, the outputs should positively affect the impact of climate risks over the period 2020 -2050.

During the initial preparatory phase of the project, an inventory of potential hazards will be compiled based on the data and information provided by various departments related to climate change (such as the meteorological department). This inventory will be utilized to assess climate related risks which could potentially threaten the project's implementation, and anticipating risk mitigating action if necessary.

Existing risks will be considered

Environmental and social risk	Low	The project does not anticipate any social or environmental risk. On the contrary, it aims to improve the social and environmental sectors of the participating countries and cities.
Limited participation and ownership of the activities by national and municipal officials	Medium	To ensure active participation of the agencies involved, the project will highlight connection between the officials' regular mandates and the project's activities. It will plan and pace out activities involving the officials in a way that it does not interfere but complements and increases efficiency of their ongoing work. It will also be requested that all concerned agencies integrate the project's activities into their annual work programmes.
Institutional risk due to weak capacities	Medium	The executing agencies will pay a close attention to capacity building at all stages of the project's implementation. If required, activities will be simplified and adjusted to what can be achieved by the beneficiaries.

<p>COVID-19 related slow down</p>	<p>Medium</p>	<p>It is possible that some activities need to be adjusted to the international COVID related context. However, considering that climate adaptation is of high priority to all participating countries and cities, it is not anticipated that the project implementation may be significantly slowed down. Potential delays will be mitigated through replacing physical meetings and workshops by online events if and when required. As a matter of fact, several working sessions are already planned to be held online. The main barrier to that is the connectivity of the countries to a stable internet. Different platforms (skype, teams, zoom, gotowebinar, etc) will be tested as some of them could work better in some specific geography.</p> <p>As an opportunity, online working sessions limit the time requested to the stakeholders to travel to the trainings, as well as the costs related to travelling of local participants. Thus, it might give the opportunity to national officers and municipal officers to be involved in more sessions than in usual times.</p> <p>Another problem related to COVID19 could be the impossibility for international experts to travel to the respected countries and deeply understands the context of the selected cities.</p> <p>As a mitigation measures, the project will be partly implemented by the UNEP / CTCN through a network partner. This network partner will be selected through an international bidding process based on a technical and financial evaluation during which the partners will need to demonstrate not only a presence in the countries but also previous references in similar projects.</p>
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Procurement and implementation delays leading to adverse effects on the project's performance	Medium	<p>Procurement will be conducted by the executing partners as per a well-established, transparent and effective process.</p> <p>In each participating country and city, officials will be designated to carry the responsibility of timely project implementation. They will report to the official national counterparts of the project.</p> <p>Regular communication will be maintained between all the parties responsible for each activity and output.</p>
Conflict Risks	Medium	<p>The country is now facing challenging with terror attacks on the northern part of the country where the resources in gas, coal and oil reserves are. However, these tensions could spread through the country and represent a risk to the project.^[1]</p>

^[1] <https://www.africanews.com/2021/04/20/40-000-displaced-in-north-mozambique-after-assault-on-palma/>

6. Institutional Arrangement and Coordination

Describe the institutional arrangement for project implementation. Elaborate on the planned coordination with other relevant GEF-financed projects and other initiatives.

Partner	Role in the project
Executing and implementing agencies	
UN Habitat	<p>Executing agency</p> <p>Provides advisory support to the execution of Component 1.</p> <p>Implements Component 2. In particular, it will support project implementation in the three pilot cities through its country/regional offices.</p> <p>Supports UNEP/CTCN in implementing Component 3.</p>

UNEP / CTCN	<p>Executing agency</p> <p>Host agency to the CTCN, provide advisory support to the execution of Components 1 and 2 and 3</p> <p>The procurement actions and the operational services will be carried forward in accordance with UN policies and procurement guidelines.</p> <p>The selection of the institution from the Network of CTCN for the implementation of activities of the technical assistance is conducted through a competitive procurement process as per UNEP Rules and Regulations, in line with CTCN procedures and with UN Rules and Regulations (being UNEP the host of the CTCN, and a specialized agency established under the UN Charter).</p>
UNIDO	<p>Implementing agency</p> <p>Executes Component 4</p>
International partners	
CCFLA	May provide advisory support on access to innovative CCA finance mechanisms for the target cities
The World Bank	<p>The World Bank's national or regional office covering the country which each pilot city belongs to will be summoned to cooperate with the national government's relevant entities on mobilising concessional loans for the selected pilot city.</p> <p>Led by the World Bank, the Global Platform for Sustainable Cities (GPSC) is a forum for knowledge sharing and partnership to achieve urban sustainability. The GPSC promotes an integrated approach to urban development, focusing on urban sustainability indicators, planning, and financing.</p>
The World Bank City Creditworthiness Initiative	?The World Bank has developed a City Creditworthiness Initiative to provide local leaders with support to improve municipal creditworthiness, strengthen legal, institutional, and policy frameworks for sub-national borrowing, and develop climate-smart projects. The Initiative offers this support through creditworthiness academies that give city leaders fundamental training and tools as well as through more in-depth city creditworthiness implementation programs that provide multi-year technical assistance to structure and close market-based financing transactions. This support is critically important as credit rating agencies increasingly consider climate-related risks in city credit ratings. It is estimated that every USD 1 invested via the Creditworthiness initiative leverages USD 100 in private sector financing for low- carbon and climate resilient infrastructure? (CPI, 2021)
Regional DFI	Regional DFI each pilot city belongs to will be summoned to cooperate with the national government's relevant entities on mobilising concessional loans for the selected pilot city. These may include entities such as the ADB, the AfDB and the Caribbean Development Bank.

Bilateral institutions	development	Bilateral development institutions covering the country which each pilot city belongs to will be summoned to cooperate with the national government's relevant entities on mobilising concessional loans for the selected pilot city. These may include entities such as AFD (France), KFW (Germany).
UNEP FI		(UNEP FI) is a partnership between UNEP and the global financial sector to mobilize private sector finance for sustainable development. Best practices and lessons learnt from UNFI would be drawn to ensure that the activity under the project accelerates sustainable finance.
PFAN		May support selected private companies in structuring a project design to seek private sector CCA finance
International companies	consulting	May offer pro-bono climate vulnerability analysis and capital expenditure planning as part of their corporate social responsibility activities (CSR). Interest may increase if support officially recognised by one or several UN agencies in charge of the project.

Please refer to Annex F for the Project Management Structure.

Transfer of assets

Full or partial ownership of equipment/assets purchased under the project may be transferred to national counterparts and/or project beneficiaries during the project implementation as deemed appropriate by the government counterpart in consultation with the UNIDO Project Manager.

Legal Context

?It is expected that each set of activities to be implemented in the target countries will be governed by the provisions of the Standard Basic Cooperation Agreement concluded between the Government of the recipient country concerned and UNIDO or ? in the absence of such an agreement ? by one of the following: (i) the Standard Basic Assistance Agreement concluded between the recipient country and UNDP, (ii) the Technical Assistance Agreements concluded between the recipient country and the United Nations and specialized agencies, or (iii) the Basic Terms and Conditions Governing UNIDO Projects.?

UNIDO Programme Support Cost Recovery Policy

The UN General Assembly resolution 71/243 on the quadrennial comprehensive policy review of operational activities for the development of the UNDS, urges all entities of the United Nations development system, donor countries and other contributors to comply with existing cost recovery policies and rates whenever earmarked financial support is provided. In line with this resolution, UNIDO has developed a Programme Support Cost Recovery Policy through which all costs arising from the delivery of technical cooperation services are fully recovered. The guiding principle governing the financing of all non-programme costs should be based on FCR, proportionally, from the core and non-core funding sources? (UNGA 67/226).

On the 30th IWG on PBC related matters meeting held in July 2020, Member states were updated on the status of the implementation of Full cost recovery (FCR) at UNIDO. For GEF funded projects, Technical and Operational Services (TOS) are eligible in the case of projects for which UNIDO provides **execution support**. In compliance with the FCR mechanism, all costs arising from the **execution services provided by UNIDO** shall be recovered from the respective project. Direct

Service Costs (DSC) are costs for services that are rendered to deliver specific programme/project inputs such as:

- a) Procurement services (staff costs for procurement of services, equipment and supplies for a specific project or programme managed by procurement division)
- b) Treasury and payments services (staff costs for travel advance and expense report processing, payroll processing, settlement of invoices)

These Direct Service Cost are considered eligible as they are:

- a) directly attributable to the grant project and arise as a direct consequence of its implementation; and
- b) necessary for carrying out the grant project and comply with the principles of sound financial management, in particular economy, efficiency and effectiveness

DSC are reported as part of the standard financial reporting as per the Technical Cooperation Reporting Guidelines endorsed by UNIDO member states.

Elaborate on the planned coordination with other relevant GEF-financed projects and other initiatives.

Building Climate Resilience through Innovative Financing Mechanisms for Climate Change Adaptation (2016-2020): This GEF project, funded by a grant of USD 5 million from the Special Climate Change Fund (SCCF) and co-financing from the government of Antigua and Barbuda, focuses on developing innovative financing mechanisms to fund adaptation interventions through the Sustainable Island Resource Framework Fund (SIRF Fund), including for the building sector; and on strengthening national policies and plans to promote adaptation to climate change through, among others, updating the national building code. This project builds upon an earlier SCCF funded project with providing assistance to the building sector with activities such as: piloting the new building code on governmental buildings, training construction workers in the public and private sectors to meet the new building code's standards, mainstreaming and increasing demand for renewable energy and mainstreaming it into private sector's usage.

7. Consistency with National Priorities

Describe the consistency of the project with national strategies and plans or reports and assessments under relevant conventions from below:

NAPAs, NAPs, ASGM NAPs, MIAs, NBSAPs, NCs, TNAs, NCSAs, NIPs, PRSPs, NPFE, BURs, INDCs, etc.

Relevant information is provided under the participating countries' profiles

8. Knowledge Management

Elaborate the "Knowledge Management Approach" for the project, including a budget, key deliverables and a timeline, and explain how it will contribute to the project's overall impact.

The project aims to promote knowledge sharing through workshops and trainings to be conducted in the last phase of Component 1 as well as in Component 3 via the **CTCN's Knowledge Management System (KMS)**, which comprises of the following components:

- 1) The public web portal (www.ctc-n.org).
- 2) An intranet facilitating management and monitoring of CTCN operations.
- 3) CTCN's virtual office, which provides online document, task and calendar management for CTCN staff and partners working in various locations.
- 4) CTCN Newsletter.

Existing online platforms and information systems will be updated, and information would be disseminated through the online portal, the CTCN's progress reports, trainings and workshops, information forums, webinars, newsletters and events. Data will be uploaded to a central portal and CTCN will support this process by establishing the framework and systems to fully integrate the generated knowledge into the central information portal for its long-term usage.

The CTCN website site currently offers over 14,600 information resources, which includes CTCN-created technical assistance information, publications, technology descriptions and on-demand webinars as well as technology reports, publications and case studies provided by partner organizations and countries. Information is searchable by content type, country, technology sector and region. As a baseline for capacity building, the CTCN carries out a number of national and international training events as well as frequent webinars attended by participants all across the world.

A gender-sensitive knowledge management and communications strategy will be developed at the start of the project. The proposed project's strategy for knowledge management includes workshops on knowledge sharing, exchange of lessons between the stakeholders and scaling up. Dissemination of lessons learned and best practices from the baseline projects and from the project itself will be shared amongst project stakeholders including partner agencies, government ministries, civil society, NGOs and local communities.

The 3 regional municipal financing workshops will be planned under the periodical CTCN regional meetings agenda so that the 3 beneficiary cities can showcase their work, and the tools can be presented to other interested parties.

The information and results generated by the proposed project will be disseminated to the network of NDEs and GEF Operational focal points made available to the general public through the site. Finally, regional webinars will be organised to showcase the results, allowing for a wide knowledge sharing across the Global South.

9. Monitoring and Evaluation

Describe the budgeted M and E plan

M & E Activity	Responsible party(ies)	Schedule or deadline	Budget
Design and execute project's monitoring plan	UNIDO, CTCN	Continuous activity starting from month 6 of year 1.	10,161 USD

Capture and use the lessons learnt from the toolkit for iterative strengthening	City government, CTCN	Month 8 and 9 of year 3.	10,161 USD
Develop knowledge materials and documentation on best practices	CTCN	Month 8 and month 9 of year 3.	10,161 USD
Disseminate knowledge material (includes financial toolkit presentation booklet, a financial toolkit, a report on lessons learned and best practices) and document best practices	CTCN website, newsletters, NDE Network, GEF Operational focal points	Continues for 4 months that is month 8,9,10 and 11 in year 3.	10,575 USD
Project evaluation report	CTCN	Month 11 and 12 of year 3 (last year)	34,267 USD
Determine the follow up actions and recommendations for future implementation	UNIDO, CTCN and City Government	Month 11 and 12 of year 3 (last year)	34,267 USD

10. Benefits

Describe the socioeconomic benefits to be delivered by the project at the national and local levels, as appropriate. How do these benefits translate in supporting the achievement of global environment benefits (GEF Trust Fund) or adaptation benefits (LDCE/SCCF)?

The proposed project fits into national strategies and action plans of the 3 countries and responds to their request of promoting innovative CCA finance, enhance the private sector's productivity and competitiveness, protect the local environment, strengthen the country's climate resilience policies and pilot the innovative climate change adaptation financing mechanisms.

The implementation of the municipal financing toolkit will generate multiple social, economic and environmental co-benefits, which include building capacity of municipal officials, strengthening local and national institutions, introducing new and innovative financing sources for climate change adaptation in the 3 participating countries and cost-effective national budgeting and planning. The project will increase the country's capacity to tap into more appropriate and feasible financial instruments for climate adaptation projects/programs.

Implementation of this project will reduce further losses and damages from extreme climate events. This will in turn result in increased economic growth, improved quality of life through an increased safety of citizens, businesses, communities and their properties, and in reducing chances of abrupt job losses or negative effects on livelihoods.

At the local level, the project will have a direct positive impact on the participating cities' economic and social sectors. The project will support increased local, regional and national investments, and improved decision making. Capacity building will strengthen the local stakeholders' skills, both in the

public and the private sectors. Timely, accessible, high-quality information will enable better decision making and planning, and increase transparency, which will improve governance and accountability.

The project is expected to deliver tangible socio-economic benefits in a gender sensitive matter, making sure that challenges specific to women are fully included into the project's activities.

11. Environmental and Social Safeguard (ESS) Risks

Provide information on the identified environmental and social risks and potential impacts associated with the project/program based on your organization's ESS systems and procedures

Overall Project/Program Risk Classification*

PIF	CEO Endorsement/Approval	MTR	TE
Low			

Measures to address identified risks and impacts

Elaborate on the types and risk classifications/ratings of any identified environmental and social risks and impacts (considering the GEF ESS Minimum Standards) and any measures undertaken as well as planned management measures to address these risks during implementation.

The project has been labeled as a Category C project.

The proposed project is likely to have minimal or no adverse social and/or environmental impacts. No further specific environmental and/or social assessment is required during Project Formulation, although those with procurement components may still have potential environmental and social sustainability considerations. These should be addressed as part of the regular project design activities and through UNIDO's procurement processes, as applicable.

Supporting Documents

Upload available ESS supporting documents.

Title	Module	Submitted
190344_UNIDO_E&S_Screening -signed	CEO Endorsement ESS	

ANNEX A: PROJECT RESULTS FRAMEWORK (either copy and paste here the framework from the Agency document, or provide reference to the page in the project document where the framework could be found).

PROJECT RESULTS FRAMEWORK							
Result	Output	Indicators	Baseline	Mid term target	Final target	Means of verification	Assumptions
Component 1: Municipal financing toolkit for climate change adaptation (CCA)							
Outcome 1.1: A financing toolkit for CCA to increase the planning capacities of policymakers from small and medium size cities	Output 1.1.1: The financing toolkit for small and medium size cities is developed and disseminated. It includes tools to assess CCA technologies in urban planning and innovative financing taking into consideration social/gender dimensions	Toolkit's materials have been prepared. Obstacles to accessing finance have been identified. A roadmap to identify and access innovative sources of financing has been formulated. Case studies and successful global experiences have been identified.	No financing toolkit tailored to target cities exists.	The 6-tools sequenced financial toolkit developed for the target cities . Tools 1 and 2 help the city prepare a list of prioritised CCA projects. Tool 3 helps the city strengthen its budget management and capital expenditure capacity, and prepare a list of prioritised regular infrastructure projects with add-on climate adaptation measures to ensure climate resilience of related investments. Tools 4 to 6 help linking both kinds of projects to finance.	The 6-tools sequenced financial toolkit for the target cities updated based on feedback from its practical implementation in the participating cities and countries. It is ready for a widespread use across the target cities in LDC and SIDS.	Toolkit is operational, all updated toolkit materials available in an electronic format.	Target cities require a dedicated financing toolkit to improve their access to CCA finance.

	<p>Output 1.1.2: 60 municipal planners from 3 cities (20/ per city) trained in the municipal financing toolkit and climate finance (at least 40% women participate)</p>	<p>Key stakeholders of each city are mapped. Total number of officials from the 3 countries and cities trained, and disaggregated by gender. N? of sectoral short online trainings held for each city. N? of participants to these short online trainings by gender.</p>	<p>Municipal and national officials have low capacity in conducting climate vulnerability assessments, identifying, prioritising and preparing CCA projects, identifying relevant sources of CCA finance and successfully enlarging their respective pools of CCA finance opportunities.</p>	<p>Training materials and agenda are developed to train municipal and national officials of the participating countries.</p> <p>Key stakeholders of each cities are mapped.</p> <p>A 3-day training is conducted in each participating city. It is expected that 60 municipal and national officers will be trained (10 men, and 5 women).</p> <p>A summary report on lessons learned in the training and feedback collection is submitted.</p>	<p>Municipal and national officials are informed of how to apply the financing toolkit. They have established valuable connections, which will help them implement the toolkit in subsequent activities.</p>	<p>Training participants' positive feedback. Participation of men and women is achieved.</p>	<p>Officials require capacity building on how to utilise the financing toolkit.</p>
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	<p>Output 1.1.3: A set of high potential climate adaptation and resilience financing solutions are mapped out and prioritized based on their ability to support investment, their sustainability and social impact</p>	<p>Financing mechanisms and funds for each region/country / city are mapped. List of indicators to be used by financial entities to monitor the benefits of CCA interventions is available. List of identified and prioritised CCA projects is available.</p>	<p>Financing mechanisms are not clearly identified. Innovative mechanisms are unknown. Indicators that financing institutions are using to monitor CCA benefits are unknown. CCA actions and projects to avoid identified damages and increase city's climate resilience are not or only partially identified and prioritised.</p>	<p>? A mapping on existing financing mechanisms and innovative schemes by country is done. Indicators used by financing mechanisms to monitor CCA projects are defined. ? List of ongoing, implemented or planned CCA activities is made. ? CCA actions and projects to increase city's climate resilience are identified and prioritised.</p>	<p>Participating cities are aware of the existing financing mechanisms. Indicators requested by these financial entities to monitor CCA projects are defined. The 3 cities have identified the CCA projects that have been implemented, are currently under development or have been finalized. And a matrix comparing the existing financial mechanisms and the measures planned or ongoing is developed.</p>	<p>Reports delivered.</p>	<p>Participating cities did not undergo such activities in the past, or at least not in the required level of detail.</p>
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	Output 1.1.4: Communication materials for knowledge management are developed in a gender-responsive manner and disseminated among NDEs	N? of Domestic, regional stakeholders, and national focal points to global funds participating to the regional webinar, disaggregated by gender. N? of private sector participating to the workshops by regions and gender. Booklet produced and available online.	Domestic, regional and national focal points to global funds are aware of the project. The private sector is informed of the project. The financing toolkit has been created, but it requires a booklet presenting it to large audiences and dissemination.	One workshop by region for the domestic, regional and national focal points of global funds has been held. During this workshop it is expected that 25 to 30 persons will participate to these workshops (20 male and 10 female). One workshop for the private sector or each country has been held. Communication booklet developed and available online. 50 participants by country are expected. It has been considered that 30 attendees will be male and 20 females.	Domestic, regional and national focal points of global funds are conscious of the goal of the project. Private sector is conscious of the opportunity leveraged by the project. Communication booklet widely disseminated online. Participation of expected men and women has been achieved.	Final reports submitted. Booklet submitted Dissemination tracking	Executing partners possess a robust network of target cities and countries who would want to use the financing toolkit . Domestic, national, local and private funding sources are expecting opportunities from the ongoing exercise.
Component 2: Piloting of the toolkit developed in Component 1							

Outcome 2.1: Selected climate adaptation and resilience financing methods are prioritized and adapted in 3 selected small and medium size cities	Output 2.1.1: Adaptation technology financing plans for 3 small and medium size cities are developed	? Inventory of climate proof city's infrastructure projects. ? Tangible solutions to the challenges for tapping into innovative private CCA finance. N? of participants participating to the 8 training sessions, by gender.	Participating cities' capital expenditure plans are not sufficiently robust and do not include CCA provisions. Municipal officers are not trained to use the toolkit.	Cities have identified, prioritised and climate proofed city's infrastructure projects. Cities identified strategic barriers to tapping into innovative private CCA finance and feasible solutions to address them. Cities have improved on their city's capital expenditure planning and on related capacity. Municipal officers are being trained to use the tool 3 of the toolkit.	Cities' capacity to conduct a robust and a climate resilience sensitive capital expenditure planning is strengthened. Municipal officers have understood how the tool 3 (step 1 -10) should be used.	Improved capital expenditure plans have been prepared.	Cities are interested in improving their capital expenditure planning and understand the benefits of doing so.
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	<p>Output 2.1.2: Investment projects are prioritized based on their adaptation impact, attractiveness to private sector and their financing options, their sustainability and social impact</p>	<p>Checklist of climate adaptation finance opportunities for small and medium size cities. Tool 3 steps 11 & 12) are developed for each city. N° of participants by gender to the workshop planned to introduce Tool 4.</p>	<p>Cities have not prioritised their infrastructure projects and don't have an overarching prioritised list of CCA projects and infrastructure projects with climate resilience components</p>	<p>An overarching list of projects prioritized based on DFA and on innovative private sector financing opportunities. A list of CCA interventions and projects to be funded with the city's own capital expenditure budget.</p> <p>1 to 2 project proposals to submit to relevant DFI. Training on Tool 4 is finalized.</p>	<p>Action plan to access innovative private sector finance for suitable city projects. Tools 1,2,3, and 4 have been explained to the selected cities.</p>	<p>List of prioritised projects and action plan have been drafted. Autonomy in using tool 1,2,3 and 4 of the toolkit</p>	<p>Cities have engaged relevant stakeholders and worked on prioritising projects.</p>
	<p>Output 2.1.3: Adaptation technology financing plans are presented to selected members of the financial community</p>	<p>Number of private sector financiers identified and disaggregated by gender.</p> <p>Credit rating request formalities completed.</p>	<p>Prioritised projects have not been presented to financiers and credit rating has not been requested.</p>	<p>Identified projects presented to identified private sector financiers.</p> <p>Credit rating is requested.</p> <p>Strategic partnerships with the private sector are established. Tool 6 is introduced to the cities.</p>	<p>Fruitful interaction with relevant financiers has been initiated.</p>	<p>? Mid-term review meeting/consultation with the stakeholders</p>	<p>Cities have successfully implemented all the activities under the financing toolkit.</p>

	<p>Output 2.1.4: 3 Regional workshops are organized to present the toolkits and city case studies to their respective regions (at least 40% women participate)</p>	<p>Lessons learned from the project have been documented</p> <p>Number of attendees at each regional workshop: a minimum of 45 participants per region and gender. N? of municipal sessions organized. N? of participants to the municipal sessions organized by gender.</p>	<p>The financing toolkit has been implemented in participating cities and countries, but lessons learned and case studies have not yet been collected and disseminated.</p>	<p>Lessons learned and benchmark case studies from participating cities and countries have been drafted.</p> <p>3 regional online workshops have been conducted. 3 regional online workshops that will convey 5 to 10 representatives from at least 15 countries (both from the national level and from target cities in these countries) from each region. It has been considered that 7 of these representatives will be men, while 3 will be women.</p> <p>Up to 3 municipal sessions have been organized by region. Around 20 attendees per regions are expected in these municipal financing sessions. It is planned that 10 attendees will be men and 10 will be women.</p>	<p>A large number of target cities have been fully familiarised with the financing toolkit and lessons learned from the participating cities and countries.</p>	<p>Number of active participants to the regional online workshops and municipal sessions.</p>	<p>There is sustained interest from target cities and countries on accessing innovative CCA finance.</p>
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Outcome 4.1: Project evaluation	Output 4.1.1: Terminal independent project evaluation is conducted and follow up actions and recommendations are determined for long term project sustainability	? Number of sources of climate daptation finance identified for sall and medium cities to access. ? Number of case studies and documents consulted during the project period. ? Number of consultations done for municipal officials. A roadmap developed to determine follow up actions and recommendations for future implementati on	Project has been implemented, but not evaluated.	Project independent evaluation report is drafted and recommendations on how similar projects can be improved in the future are taken.	Recommendations have been processed and integrated into future projects to be designed by the executing entities.	Existence and quality of the evaluation report	Due attention is given to this last important step of the project.
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ANNEX B: RESPONSES TO PROJECT REVIEWS (from GEF Secretariat and GEF Agencies, and Responses to Comments from Council at work program inclusion and the Convention Secretariat and STAP at PIF).

GEF Secretariat comment at PIF approval	UNIDO Response
Co-financing 3. Are the indicative expected amounts, sources and types of co-financing adequately documented and consistent with the requirements of the Co-Financing Policy and Guidelines, with a description on how the breakdown of co-financing was identified and meets the definition of investment mobilized?	

<p>Secretariat Comment at PIF/Work Program Inclusion GEFSEC 23Dec2019: Although the provided explanation is not too much tangible, considering that the project sites are to be determined during the PPG phase, it is acceptable at this stage. However, Agency is kindly requested to put utmost efforts to secure the identified co-finance including those of investment mobilized during the PPG phase.</p>	<p>NOT ADDRESSED. The co-financing letters from the countries have not yet been received, the budget has been built based on co-financing justified by co-financing letters only. UNIDO as implementing agency is in contact with the countries and cities to finalize the co-financing letters from each country, both in-kind and in grant. Unfortunately, COVID-19 and its repeated lockdowns, has made the communication with the local administration more difficult, in the respective cities and countries.</p>
<p>2. Is the baseline scenario or any associated baseline projects appropriately described?</p>	
<p>Secretariat Comment at PIF/Work Program Inclusion GEFSEC 14Nov2019: Yes. Sufficient for the PIF stage. It will be important to provide further baseline for selected countries and cities by the CEO Approval stage. Also, please do be aware when selecting the countries during the PPG phase that LDCF can be only utilized for LDCs only, where as SCCF can be targeted to any developing countries.</p>	<p>Addressed. The baseline has been further detailed in the proposal. Mozambique and Lao are consider LDCs and Antigua and Barbuda is a SID country. The funds will be used accordingly to the country's status.</p>
<p>5. Is the incremental / additional cost reasoning properly described as per the Guidelines provided in GEF/C.31/12?</p>	
<p>Secretariat Comment at PIF/Work Program Inclusion GEFSEC 14Nov2019: Yes. Sufficient for the PIF stage. At CEO Approval stage, the Agency is requested to provide further information on additionally to the baseline scenarios relevant to the selected countries/cities.</p>	<p>Addressed. Baseline scenarios have been completed, and cost of reasoning has been updated.</p>
<p>6. Are the project/s/program?s indicative targeted contributions to global environmental benefits (measured through core indicators) reasonable and achievable? Or for adaptation benefits?</p>	
<p>Secretariat Comment at PIF/Work Program Inclusion GEFSEC 14Nov2019: Cleared. Please note further efforts will be requested to enhance the Core Indicator targets during the PPG phase.</p>	<p>Addressed. Core indicators have been updated such as global environmental benefits section.</p>

<p>GEFSEC 14Nov2019: Need further consideration. Compared to the ambitious target of Core Indicator 1, Core Indicator 4 (no. of people trained) is exceptionally low. In revising this, please note the comment on broader learning beyond the 3 city pilots. Recommended action: Please consider increasing Core Indicator 4, or provide sufficient justification to the current figure.</p>	<p>Addressed. Core indicator 4 has been increased.</p>
<p>Agency Response Core indicator 4 (no. of people trained) is low because middle-sized city administrations are small in size, and finding the right stakeholder will be challenging. During the PPG phase we will further analyse if the number of people trained can be increased, once the stakeholder mapping is completed.</p>	
<p>Is the institutional arrangement for project/program coordination including management, monitoring and evaluation outlined? Is there a description of possible coordination with relevant GEF-financed projects/programs and other bilateral/multilateral initiatives in the project/program area?</p>	

Secretariat Comment at PIF/Work Program Inclusion GEFSEC 14Nov2019:
Yes. Sufficient for the PIF stage. However, the Agency is requested to consider including local entities as an executing agency by CEO Approval stage, after countries/cites are selected. This is to secure strong and proactive engagement from the local country/community and ensure knowledge and experience from the project remain with them. The Agency is strongly encouraged to discuss any and all options for execution that do not include the government (if this will be the case) with the GEFSEC early in the PPG phase.
During PPG stage, it will be important to provide deeper explanation on how the baseline projects/activities are helping in designing this proposal for each city (e.g., how this proposal is building on the baseline projects/activities; how lessons learned and findings from the baseline projects/activities are reflected in the proposal; identification and justification on the remaining gaps to be addressed in this project), depending on the countries/cities to be selected in the PPG phase.
As the agency knows, the implementation and execution roles on GEF projects are meant to be separate per policy and guideline. The GEFSEC will analyze any requests for dual role playing by an agency at the time of CEO endorsement and only approve those cases that it deems warranted on an ?exceptional? basis. We strongly encourage the agency to look at third party options as a preferred way forward. We also strongly encourage the agency to discuss any and all options for execution that do not include the government with the GEFSEC early in the PPG phase. The technical clearance of this PIF in no way endorses any alternative execution arrangement.

Addressed. The previous initiatives and their correlation with current proposal have been described.

UNHabitat will be an executing entity for the project. The organization has local teams that can can be considered as local entities.

Consistency with National Priorities Has the project/program cited alignment with any of the recipient country's national strategies and plans or reports and assessments under relevant conventions?	
Secretariat Comment at PIF/Work Program Inclusion GEFSEC 14Nov2019: Yes. Sufficient for the PIF stage. However, during the PPG stage, please further consider further relevant policies/plans of the selected countries and cities and make sure the project is consistent with these.	Addressed. The information has been included.
Has the project/program been endorsed by the country's GEF Operational Focal Point and has the name and position been checked against the GEF data base?	
Secretariat Comment at PIF/Work Program Inclusion GEFSEC 14Nov2019: As project sites have not been identified, there are no OFP(s) to contact. The endorsement letters from Operational Focal Point from each of the selected country are required by the CEO Approval stage (total three).	Addressed. We have endorsements letters from the Operational GEF Focal Points.

ANNEX C: Status of Utilization of Project Preparation Grant (PPG).
(Provide detailed funding amount of the PPG activities financing status in the table below:

Annex C: Status of Utilization of Project Preparation Grant (PPG)

The committed funds will be spent in the project start-up phase, i.e. to fund additional relevant activities, such as for example translation of documents in local language, collection of additional co-financing letters, preparation of an environmental and social management plan, etc.

<i>Project Preparation Activities Implemented</i>	<i>GETF Amount (\$)</i>		
	<i>Budgeted Amount</i>	<i>Amount Spent To date</i>	<i>Amount Committed</i>
Pre-selection of cities; Consultations with NDEs and GEF OFP of the pre-selected cities to present the project proposal and gather specific information on the needs and willingness to participate in a screening process; Guaranteeing alignment of NDEs and GEF OFPs; Identification of 3 final cities; Obtaining CTCN technical assistance request by NDEs; Translation of documents	11.200,00	0,00	10.236,41
Preparation of a gender study and an environmental and social management plan	9.200,00	1.000,00	4.000,00

Collection of baseline data	15.000,00	15.000,00	0,00
Obtaining GEF OFP endorsement letters and co-financing letters from UN agencies, development banks, public banks and governments	600,00	0,00	2.000,00
Finalization of project documents	14.000,00	15.763,59	2.000,00
TOTAL	50.000,00	31.763,59	18.236,41

ANNEX D: Project Map(s) and Coordinates

Please attach the geographical location of the project area, if possible.

Relevant information is provided under the participating countries? profiles

ANNEX E: Project Budget Table

Please attach a project budget table.

**Project Budget
Table
(indicative)**

Full project	Detailed Description	Component (USD)												Total (USD)	Responsible Entity	
Expenditure Category		Component 1				Component 2				Component 3	Component 4	Sub-Total	M&E			PMC
		Outcome 1.1				Outcome 2.1				Outcome 3.1	Outcome 4.1					
		Output 1.1.1	Output 1.1.2	Output 1.1.3	Output 1.1.4	Output 2.1.1	Output 2.1.2	Output 2.1.3	Output 2.1.4	Output 3.1.1	Output 4.1.1					
Contractual services	Activity 1.1.1.1 Develop a 6-tools sequenced financial toolkit	5460										5460		49048	54508	CTCN/UNEP
	Activity 1.1.1.2 Analyse common obstacles to accessing finance	2184										2184			2184	CTCN/UNEP
	Activity 1.1.1.3 Develop a climate-smart expenditure tool to integrate CCA in municipal budget	11465										11465			11465	CTCN/UNEP

	Activity 1.1.1.4 Formulate a roadmap for identifying and accessing other innovative sources of financing	3822									3822			3822	CTCN/U NEP
	Activity 1.1.1.5 Benchmark case studies and additional resources from innovative CCA financial instruments based on successful global experiences	4368									4368			4368	CTCN/U NEP
	Activity 1.1.2.1 ? Develop training materials and agenda		4914								4914			4914	CTCN/U NEP
	Activity 1.1.2.2 Organize short training workshops, including online learning		1637 9								1637 9			1637 9	CTCN/U NEP
	Activity 1.1.2.3 ?Map key stakeholders		6552								6552			6552	CTCN/U NEP
	Activity 1.1.2.4 ? Conduct a training in each city from each participating country		1637 9								1637 9			1637 9	CTCN/U NEP
	Activity 1.1.2.5 ? Collect feedback and lessons learned from the training		1092								1092			1092	CTCN/U NEP
	Activity 1.1.3.1 Map of international, regional, domestic financing mechanisms and funds			1638							1638			1638	CTCN/U NEP

	Activity 1.1.3.2 ? Implement the toolkit to the selected cities			3221 2							3221 2			3221 2	CTCN/U NEP
	Activity 1.1.4.1 ? Engage with domestic and regional stakeholders including national focal points to global funds				5769						5769			5769	CTCN/U NEP
	Activity 1.1.4.2 ? Engage with global programmes to support private sector engagement				5460						5460			5460	CTCN/U NEP
	Activity 1.1.4.3 ? Convert training packages and toolkit into dissemination material				7644						7644			7644	CTCN/U NEP
	Activity 2.1.1.1 ? Implementing Tool 3 ? Initiate a robust capital expenditure planning					2729 8					2729 8			2729 8	UN HABITAT
	Activity 2.1.1.2 ? Identify strategic barriers to tapping into innovative private CCA finance and feasible solutions to address them (Tool 3, Steps 5 and 6)					9554 4					9554 4			9554 4	UN HABITAT
	Activity 2.1.1.3 ? Improve on city?s capital expenditure planning and prioritise climate resilience capital investments (Tool 3, Steps 7 to 10)					2729 8					2729 8			2729 8	UN HABITAT

	Activity 2.1.2.1 ? Prepare an overarching list of prioritised projects combining CCA projects and regular infrastructure projects with a CR component (Tool 3, Steps 11 and 12)					46407							46407		46407	UN HABITAT
	Activity 2.1.2.2 ? Identify funding sources and prepare an action plan to link identified projects to CCA finance (Tool 4)					173618							173618		173618	UN HABITAT
	Activity 2.1.3.1 ? Present selected CCA projects to identified private sector financiers (Tool 5)						5460						5460		5460	UN HABITAT
	Activity 2.1.3.2 ? Request a creditworthiness rating and build strategic partnerships with the private sector (Tool 6)						10207						10207		10207	UN HABITAT
	Activity 2.1.4.1 ? Collect lessons learned and benchmark case studies through the activities conducted thus far							21839					21839		21839	UN HABITAT
	Activity 2.1.4.2 ? Conduct 3 regional online workshops							5460					5460		5460	UN HABITAT
	Activity 2.1.4.3 ? Organize municipal financing sessions							16379					16379		16379	UN HABITAT

[illegible]

Activity 2.1.1.1 ? Implementing Tool 3 ? Initiate a robust capital expenditure planning - international experts					5460										
Activity 2.1.1.3 ? Improve on city?s capital expenditure planning and prioritise climate resilience capital investments International travel							5460								
Activity 2.1.1.3 ? Improve on city?s capital expenditure planning and prioritise climate resilience capital investments - local participants travelling to the workshop							1092								
Activity 2.1.3.1 ? Present selected CCA projects to identified private sector financiers - international travels							5460								
sub-total	0	10919	0	10919	5460	0	6552	0	0	0	0	0	0	0	0,00
Office (supplies, rent, equipment, etc.)															
grand total	27298	56235	33850	29792	202008	173618	22219	43677	14708	24548	0	0	49048	677000	

ANNEX F: (For NGI only) Termsheet

Instructions. Please submit an finalized termsheet in this section. The NGI Program Call for Proposals provided a template in Annex A of the Call for Proposals that can be used by the Agency. Agencies can use their own termsheets but must add sections on Currency Risk, Co-financing Ratio and Financial Additionality as defined in the template provided in Annex A of the Call for proposals. Termsheets submitted at CEO endorsement stage should include final terms and conditions of the financing.

ANNEX G: (For NGI only) Reflows

Instructions. Please submit a reflows table as provided in Annex B of the NGI Program Call for Proposals and the Trustee excel sheet for reflows (as provided by the Secretariat or the Trustee) in the Document Section of the CEO endorsement. The Agency is required to quantify any expected financial return/gains/interests earned on non-grant instruments that will be transferred to the GEF Trust Fund as noted in the Guidelines on the Project and Program Cycle Policy. Partner Agencies will be required to comply with the reflows procedures established in their respective Financial Procedures Agreement with the GEF Trustee. Agencies are welcomed to provide assumptions that explain expected financial reflow schedules.

ANNEX H: (For NGI only) Agency Capacity to generate reflows

Instructions. The GEF Agency submitting the CEO endorsement request is required to respond to any questions raised as part of the PIF review process that required clarifications on the Agency Capacity to manage reflows. This Annex seeks to demonstrate Agencies' capacity and eligibility to administer NGI resources as established in the Guidelines on the Project and Program Cycle Policy, GEF/C.52/Inf.06/Rev.01, June 9, 2017 (Annex 5).